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World Business Newspaper

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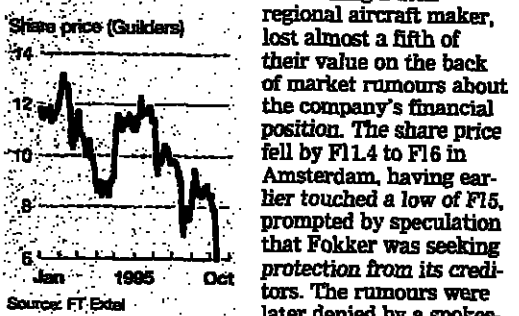
Juppé escapes legal charges over Paris apartment

French prime minister Alain Juppé escaped legal charges over his Paris apartment, but the city's prosecutor said he had broken a law on conflict of interest not to press charges against Mr Juppé from having to resign as prime minister. The French recovered some recent lost ground against the D-Mark on the news, closing at 3.487 against 3.506 a day earlier. Page 14: Bonds, Page 24: Currencies, Page 25

Suez, the troubled French financial and industrial holding group, unveiled limited details of its strategy as it announced unexpected losses of FF4bn (\$79m) for the first half of the year. Page 15

Serbs lose ground after ceasefire delay: Croatian and Bosnian government forces made use of an extra day of fighting to capture one more town from the Serbs, as the UN made a third attempt to secure a ceasefire agreement after two last-minute failures. Page 14: Sarajevo's darkest days recede, Page 3

Fokker shares tumble on cost cut fears: Shares in Fokker, the loss-making Dutch regional aircraft maker, lost almost a fifth of their value on the back of market rumours about the company's financial position. The share price fell to FF1.4 to FF1.6 in Amsterdam, having earlier touched a low of FF1.5, prompted by speculation that Fokker was seeking protection from its creditors. The rumours were later denied by a spokesman of Fokker, which is majority-owned by German industrial group Daimler-Benz. Page 15



Source: FT Data

Global Aviation, a Swiss-owned charter operator, announced a "strategic alliance" with China Southern Airlines to provide a service for executive visitors to China and medical evacuees. Page 7

Chrysler, the smallest of the three big US carmakers, staged a partial recovery in the third quarter from its dismal trading performance in the first half of the year. After-tax profits for the third quarter fell to \$354m on sales of \$1.2bn, from \$651m on sales of \$1.17bn a year ago. Page 15

Apec fails to agree trade deal: Members of the Asia Pacific Economic Co-operation forum, representing half the world economy, failed to resolve a deadlock over plans to liberalise trade in goods and capital by early next century. Page 7

Israel frees 900 Palestinians: Israel said it had released 900 Palestinian prisoners in the first step toward implementing the second stage of the Palestinian-Israeli peace agreement. Page 4

Brussels lifts cable restrictions: Cable television network operators will be able to compete with national telephone companies to offer teleshopping and home banking following a European Commission decision. Page 2

NEC, the Japanese computer and electronics maker, made a sharp upward revision of its projected personal computers sales this year because of buoyant demand at home and abroad. Page 20

UK banks merger welcomed: Shares in Lloyds Bank and TSB Group leapt after the UK banks' proposal for a £13.6bn (\$21bn) merger received an enthusiastic reception in the City of London, and the possibility of another bank making a counterbid for TSB receded. Page 21: Lex, Page 14

Americans win Nobel physics prize: American scientists, Martin Perl and Frederick Reines, were awarded the 1995 Nobel prize for Physics for their discovery of sub-atomic particles which support the Big Bang theory of creation.

Third Paris airport plan: France has decided to build a third airport in the Paris region to spare further congestion at the capital's Roissy-Charles de Gaulle and Orly facilities.

Three tenors announce world tour: Luciano Pavarotti, Placido Domingo and Jose Carreras announced their first world tour with performances in Tokyo in June, London and New York in July, Munich in August and the Australian city of Melbourne in March 1997.

German MP wants Coke's recipe: A German Euro-MP demanded that Coca-Cola reveal its secret recipe, saying European governments should consider banning it because it violates a law giving inspectors the right to know the composition of food products sold in the EU.

STOCK MARKET INDICES			
New York last time			
Dow Jones Ind	4,736.70	(+15.39)	
NASDAQ Composite	986.81	(+13.34)	
Europe and Far East			
FTSE 100	2,474.3	(+14.2)	
Nikkei	17,818.19	(+265.08)	
US LUNCHTIME RATES			
Federal Funds	5.4%		
3-month Treas Bill	5.45%		
Long Bond	6.44%		
OTHER RATES			
UK 3-month Interbank	6.3%	(6.4%)	
UK 10 yr Gilt	10.2%	(10.25%)	
France 10 yr OAT	10.1%	(10.14%)	
Germany 10 yr Bund	10.1%	(10.13%)	
Japan 10 yr JGB	113.05%	(113.02%)	
NORTH SEA OIL (Argus)			
Brent 15-day (Nov)	\$16.07	(15.50)	

Asia	South	Europe	Latin	Central	Other
Australia	5000	10000	10000	10000	10000
Belgium	10000	10000	10000	10000	10000
Canada	10000	10000	10000	10000	10000
Denmark	10000	10000	10000	10000	10000
France	10000	10000	10000	10000	10000
Germany	10000	10000	10000	10000	10000
Italy	10000	10000	10000	10000	10000
Japan	10000	10000	10000	10000	10000
Netherlands	10000	10000	10000	10000	10000
Spain	10000	10000	10000	10000	10000
Sweden	10000	10000	10000	10000	10000
Switzerland	10000	10000	10000	10000	10000
UK	10000	10000	10000	10000	10000
USA	10000	10000	10000	10000	10000

Brussels set to allow telecoms 'supercarrier'

By Emma Tucker in Strasbourg, Michael Lindemann in Bonn and Alan Cane in London

Atlas, the controversial alliance between Deutsche Telekom and France Télécom designed to create a European "supercarrier", now looks set to get the green light from Brussels.

Mr Karel Van Miert, the EU competition commissioner, indicated yesterday in Strasbourg that he was ready to give agreement in principle to the venture following specific commitments from the companies and their governments.

"It does look as if Atlas is going in the right direction," he said. "It looks like we are going to get an agreement and I think it is a good one."

The conditions are expected to be finalised at a meeting on Monday between Mr Van Miert, Mr Ron Sommer, chief executive of Deutsche Telekom and Mr Michel Bon, chief executive of France Télécom.

They include:

• A pledge to open "alternative" telecoms networks in France and Germany such as those constructed by the electricity and water utilities, to Deutsche Telekom and France Télécom's competitors by July 1, 1998.

This represents a compromise on both sides. Mr Van Miert had

Approval in principle likely for controversial Atlas project

wanted the networks opened by January 1; the Germans had said it was not possible before October or later.

• Transpac and Datex-P, the data transmission subsidiaries of the two companies, will remain independent until January 1, 1998.

• Info-AG, a German-based data transmission company in which France Télécom has a stake, will remain outside the Atlas agreement.

Deutsche Telekom officials said yesterday that the three conditions set by Mr Van Miert were in line with those discussed in recent weeks and "made sense".

"We have no problems with the idea of liberalising alternative infrastructure prematurely as long as this is linked to prompt approval for Atlas," one said.

France Télécom said it believed sound progress had been made over the past two weeks and was optimistic about the outcome of Monday's meeting.

Atlas is one of three international alliances created to compete for the international business of large, multinational companies.

Concert, an alliance between

British Telecommunications and MCI of the US, already has full regulatory approval on both sides of the Atlantic. WorldPartners, an alliance led by AT&T, the largest US carrier, has yet to get the go-ahead either in Europe or the US.

Mr Van Miert has held back approval for Atlas because of fears that an alliance of Europe's two largest operators could destroy potential competition.

Although the two companies will be able to move ahead with detailed planning, it is unlikely the approvals timetable will allow final agreement before spring next year.

Mr Van Miert said: "Even if we reach a potential agreement, it has to be put to the other competitors as well."

It was up to the companies themselves to decide whether to take the risk of going ahead before then, based on a political agreement, he said.

Deutsche Telekom and France Télécom are waiting on approval for Atlas before they can move ahead with Phoenix, a three-way alliance with Sprint of the US for which US approval is still required.

RPR wins \$2.9bn bid battle for Fisons

By Daniel Green and Motoko Rich in London

Fisons, the UK's fourth biggest drugs company, yesterday conceded defeat in a \$2.9bn bid battle with US rival Rhône-Poulenc Rior.

The two companies are to start talks immediately on how Fisons will be absorbed.

Mr Robert Cawthorne, RPR chairman, said that job losses were likely, mostly in the US where both companies have large sales forces for their asthma and allergy products.

Fisons said its decision to recommend the 26p a share offer, which it rejected as inadequate last week, was due to the decision at the weekend by an undisclosed "third party" to pull out of rescue talks.

Mr Stuart Wallis, chief execu-

Jobs losses probable in drugs sales forces in US

tive, said he had had talks with "everybody in the business" and did not think that RPR's offer would be beaten by anyone else before the bid's final closing date, October 30.

To declare the bid unconditional, RPR has until that date to accumulate 50 per cent of Fisons through share purchases and offer acceptances from Fisons shareholders.

The acquisition will make RPR one of the world's biggest companies in asthma and allergy products, which is one of the fastest growing areas of drug sales.

The Fisons deal is the company's first in the UK since the 1927 takeover of May and Baker.

More recently, the company has engineered a series of deals

to take it to 14th position by sales among the world's top drug makers.

They included the 1985 takeover of the drugs arm of Revlon, the US cosmetics company, and this year's takeover of Cooper, the French pharmaceuticals distributor.

Fisons, which can trace its origins back more than 200 years, is about 60th in the world rankings.

Although a defeat for Mr Wallis, the acceptance of the RPR bid marks the end of a spectacular corporate turnaround.

Mr Wallis took on the job from outside the drugs industry in September 1994 after a turbulent period of three years during which Fisons had seen three profit warnings, three chief executives and an 80 per cent fall in its share price.

Since then, he has sold or agreed the sale of the company's research operations, its laboratory equipment side and most of its distribution for more than \$600m.

The share price had doubled by the time RPR made its hostile bid on August 18.

The rapid conclusion of the bid appears unlikely to boost other healthcare stocks in the UK as

did the \$9.1bn takeover in March of Wellcome by the rival UK company, Glaxo.

"I plan to reinvest the money in cheap stocks," said one investment manager.

"I would not say that the pharmaceutical stocks are that cheap right now."

RPR has been advised in the bid by Lehman Brothers and J.O. Hambro Magan, while Fisons has been advised by SBC Warburg.

Lex, Page 14

Fisons' 50-day resistance, Page 22

Continued on Page 14



Sign of the times: a boy plays the accordion for money in central St Petersburg. More and more children are resorting to begging because of growing poverty among the Russian middle class. Pictures: Reuters

Lotus head resigns following takeover by IBM

By Louise Kehoe in San Francisco

Mr Jim Manzi, chief executive of Lotus Development, the software company acquired by International Business Machines in July, announced yesterday that he was resigning.

He is leaving Lotus and his position as a newly appointed senior vice-president of IBM.

Mr Manzi's departure had been widely expected in the wake of the IBM \$3.5bn acquisition of Lotus. He is, however, leaving sooner than most industry observers had expected, just four months after the acquisition, raising questions about a possible clash with IBM management.

Mr Manzi said he had held "open and frank discussions" with IBM managers and there had been both agreement and disagreement about the future of Lotus. "There was no proximate cause for my resignation," he said.

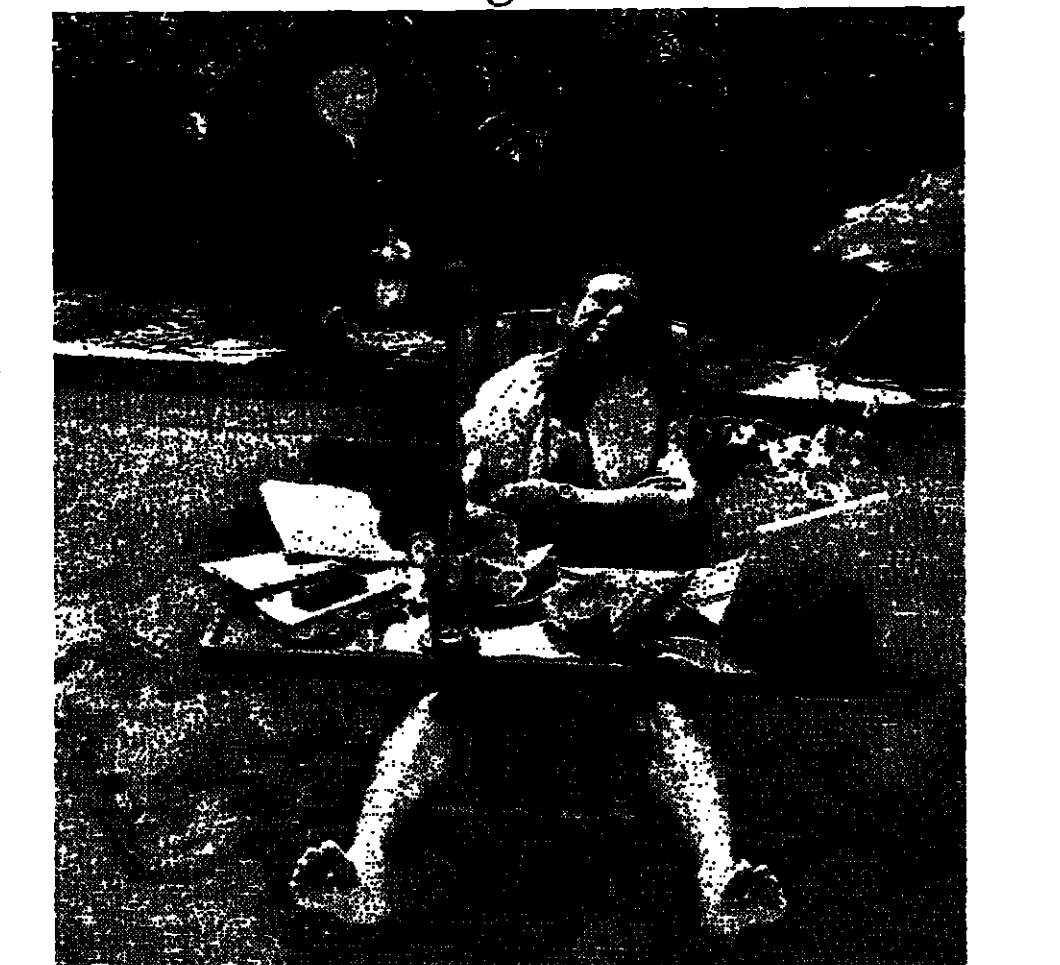
In a memo to Lotus employees Mr Manzi said: "I have concluded over the past couple of weeks that I'm not the right person to be leading Lotus at this juncture in its history. The attributes that I believe made me an effective chief executive of a nearly billion-dollar independent company, aren't necessarily the attributes required of an executive leading a division within a much larger organisation. The challenges that excited me previously aren't necessarily the same challenges we face today."

Mr Manzi said he had informed Mr Lou Gerstner, IBM chairman and chief executive, of his decision on Tuesday. He declined to comment on Mr Gerstner's reaction.

In an internal memo, Mr Gerstner told IBM employees: "I understand and respect Jim's decision. Jim has made many important contributions to Lotus and we all wish him well."

Mr Manzi, 43, noted that it was almost 13 years since he joined Lotus when the company was about to launch its first product, the Lotus 1-2-3 spreadsheet. "Many people believe that we defined the personal computer

"I've had to fly, sit in taxis, attend meetings and live on snacks for 24 hours straight. Now what?"



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NEWS: EUROPE

Crédit Lyonnais blamed for its troubles



France's public sector watchdog yesterday blamed the former management of Crédit Lyonnais, the state-owned bank, for the huge losses the bank ran up as a result of its lending strategy between 1987 and 1993.

In a report on how the bank managed to lose more than FF21bn (£2.65bn), the Cour des Comptes also hinted at the need for reform of the banking regulation system. It said that, during the period, Crédit Lyonnais had followed a strategy of high risk expansion, with inadequate resources and poor internal controls.

Responsibility for the losses, which resulted in two state-brokered rescue packages, should be primarily placed on Crédit Lyonnais' management, it said. But the bank's experience had shown "the need for an evaluation of the efficiency of the surveillance methods used for banks".

Mr Jacques Bonnet, president of the chamber of the Cour des Comptes which handles financial matters, said yesterday: "A company choosing a risky policy of expansion needs... money, competence and a system of surveillance. The moral is that these three things were missing, wholly or partly."

While refusing to make any immediate recommendations for changing the regulation system, Mr Bonnet said the Cour des Comptes planned to start examining the systems of control and surveillance used to assess all France's state-owned banks.

One aim would be to see whether there was a case for changing the way in which the

The French public sector watchdog says the state bank's former managers were responsible for its FF21bn losses, writes Andrew Jack in Paris

banks were regulated, he said, while stressing that the Cour des Comptes had no power to force recommendations on the Banking Commission.

The Cour's report is as significant for what it conceals as for what it reveals. After 70 pages of relatively hard-hitting analysis of what went wrong it proffers barely a page of conclusions.

Carefully excluded are the names of most of the principal protagonists. So the report refers, for example, to "two Italian financiers" - clearly Mr Giancarlo Parretti and Mr Florio Fiorini, who bought the MGM film studios with loans totalling more than \$1bn from the bank's CLBN Dutch subsidiary in 1990.

Despite strong implicit attacks on those involved, including the Banking Commission, in the body of the report, there are few comments on the subject in the conclusions.

Yet even the relatively mild language used has been

enough to enrage several of those mentioned, among them the Banking Commission, the economics ministry, and Mr Jean-Yves Haberer, the former chairman of Crédit Lyonnais. Their responses are almost as long as the report.

Mr Bonnet denied yesterday that there had been any political pressure to dilute the report. But the information made public yesterday bore little resemblance to the harder-hitting dossiers on individual frauds and cases of mismanagement at the bank prepared by the Cour and systematically leaked to the press over the past few months.

At the heart of the report is the suggestion that Crédit Lyonnais implemented a strategy of accelerated growth beyond its means, which differed from that of its competitors and brought with it especially high risks of losses.

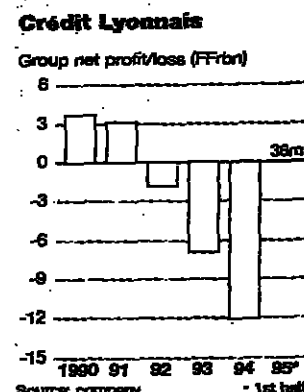
It says the bank's provisions against loans that might default were below those of its leading private sector rivals -

Société Générale and Banque Nationale de Paris - and were introduced only at the last possible moment. It says the bank relied on a series of exceptional activities to maintain its levels of reported profits.

While it concedes that there was an economic recession outside the bank's control, the Cour des Comptes argues that Crédit Lyonnais pursued growth in spite of advice to the contrary from regulators and normal prudential practice.

For example, it says the Dutch banking regulators repeatedly warned the Banking Commission verbally during 1989 and in writing in April 1990 against the loan made by CLBN for the MGM deal. The following month, the head of the Treasury expressed opposition to the bank, but his advice was ignored.

There is clearly an element of face-saving by the Cour. As the body responsible for overseeing the public sector, including state-owned enterprises, it had at least some



Source: company

duty to supervise the bank. So, in the report, it portrays its own role very clearly as among the earliest and toughest interveners calling for change in the bank's management.

It highlights the fact that it raised questions as early as February 1989 after studying the accounts for the periods 1988-89.

Yet there are no details in the report of any discussions between management, state-shareholder and bank, and there is no explanation why, if the signs of trouble were so obvious, no action was taken.

That is a criticism picked up by the economics ministry in

its response. It argues that the first meaningful signs of trouble did not emerge until 1991, and that the bank's development until that time has to be seen in the context of the very different, fast-growing economy of the late 1980s.

The Banking Commission questions both the legal right and the technical ability of the Cour des Comptes to assess its role. The commission also says it is not responsible for approving the decisions taken by a bank's directors.

Mr Haberer, who was replaced as chairman by the government in late 1993, argues that his role was made ambiguous by the changing attitude of the French state as the bank's shareholder. He questions much of the Cour's analysis, and stresses that many of the decisions which led to losses were implemented before his arrival.

One senior French executive with close knowledge of the case called the Cour staff who prepared the report "good novel-writers". He questioned both the accuracy of its findings and above all their understanding of business.

It remains unclear what new lessons are to be gained from the report. Crédit Lyonnais' senior management was replaced almost two years ago, the rescue plan and a number of restructuring measures to tighten controls are now in place, and a far more detailed and outspoken analysis of the bank's problems produced by parliament appeared more than a year ago.

In the end, the report says as much about the delicate sensitivities between some of the leading French state institutions as about the problems and lessons of Crédit Lyonnais.

EUROPEAN NEWS DIGEST

Greek PM and critics clash

The Greek prime minister, Mr Andreas Papandreu, yesterday walked out of a stormy session of the governing central committee of his Panhellenic Socialist Movement (Pasok).

The meeting, called to elect a new 18-member executive board, erupted in angry exchanges after Mr Papandreu, 76, said he did not intend to retire. He denounced party rebels who called for a change of leadership for "trying to destroy Pasok".

Pasok appeared to be on the brink of splitting when a prominent member of the populist faction, the former finance minister, Mr Dimitris Tsoulas, announced his resignation from the party.

However, after four hours of angry debate, the central committee elected Mr Costas Skandalidis, the candidate put forward by Mr Papandreu, as secretary general of Pasok, indicating that the prime minister has not yet lost control of his party.

Kerin Hope, Athens



Greek shipyard workers fighting riot police near the Merchant Marine Ministry in the port of Piraeus yesterday in a protest against job losses. The government is presently involved in a controversy with the European Commission over the future of the troubled Hellenic Shipyards.

Chechens suspend peace talks

Peace talks in the Chechen republic were thrown into jeopardy yesterday when Chechen separatists said they would boycott talks with Russia until international observers and UN peacekeeping troops were sent to their region.

"The participation of the Chechen side in talks is suspended until the arrival of international observers and security forces of the United Nations to guarantee observation of international norms," Mr Dzokhkar Dudayev, leader of the Chechen separatist forces, said in a statement released yesterday. Chechen officials said their demand was provoked by repeated Russian violations of a ceasefire, which came into effect in June, and a fragile agreement, signed on July 30.

The Chechen withdrawal from the talks is the latest in a series of events which have suggested that the peace process in Chechnya could soon crumble.

The accord, under which Russian forces agreed to partially withdraw in exchange for the disarmament of Chechen fighters, has made little real headway and on Monday the Kremlin officially suspended its compliance with the deal.

Christina Freeland, Moscow

Site sought for new Paris airport

The French government announced yesterday that it would look for a site for a third airport in the Paris region, and that it would limit the extension and night-use of Charles de Gaulle airport, at Roissy north of Paris.

The government plan is to add two relatively short (2.7km) runways to Roissy to take landings only, and to ban from next March night flights by noisier aircraft. Its aim is to defuse local opposition to an earlier plan to construct a single longer (3.6km) strip on which aircraft could take off as well as land.

But while in favour of a third airport, local protest groups complained of the government's failure to halt all new construction and night-flights at Roissy. Charles de Gaulle-Roissy, the main international airport, and Orly, the suburban Paris airport which chiefly handles domestic traffic, are, respectively, Europe's third and fourth busiest airports, behind London-Heathrow and Frankfurt.

David Buchan, Paris

Sharpening appointments party boss

Mr Rudolf Scharping, the embattled leader of Germany's opposition Social Democrats (SPD), yesterday nominated Mr Franz Muntefering to the vacant post of SPD general secretary.

The appointment of the 55-year-old minister for labour and social affairs from the state of North Rhine-Westphalia to the post vacated two weeks ago by Mr Gunter Verheugen was given a broad welcome in the party.

Mr Gerhard Schröder, prime minister of Lower Saxony and one of Mr Scharping's rivals in the leadership, said it was "a good solution".

The appointment has to be confirmed by the party congress in Mannheim in November. Mr Muntefering's main job will be to prepare the party for the 1998 general election. He is an old Bonn hand, having served as a member of the Bundestag for 18 years.

Peter Norman, Bonn

Brussels backs Irish Steel plan

The European Commission last night approved the Irish government's aid package for the state-owned Irish Steel, which is to be sold to Ispat International, a privately owned steel company controlled by the Indian Mittal family.

The rescue plan, announced last month, involves an indirect subsidy of £27m. However, the package still has to win approval from the council of EU industry ministers which meets on November 6.

The plan includes the write-off by the Irish government of £17m of debt, and the injection of £10m of working capital. Ispat would be required to retain the 331 jobs for five years, and make capital investment of £20m over the period.

British Steel said when the deal was announced that it may lodge a formal complaint with the Commission over what it saw as unequal treatment.

John Murray Brown, Dublin

ECONOMIC WATCH

Spain's inflation at 4.4%

Spain's inflation

Annual % change in CPI



Source: FT Econ

Spanish inflation moved up slightly in September to a year-on-year rate of 4.4 per cent after falling to 4.3 per cent the previous month, according to the National Statistics Institute.

Accumulated inflation in the first nine months has already reached the government's initial target of 3.5 per cent for the whole year. However, the monthly increase of 0.4 per cent in the consumer price index, compared with 0.3 per cent in August, was in line with financial market expectations.

The Finance Ministry said the trend still pointed to a rate of less than 4 per cent in the early part of 1996. The acceleration in last month's inflation rate was foreshadowed in a recent report by the Bank of Spain, which warned of seasonal food price increases, aggravated by supply problems. The bank forecast that inflation would ease later on, but said it would be cautious about easing interest rates in view of possible wage pressures and uncertainty over budget plans for next year.

David White, Madrid

Brussels delays decision on French N-tests

By Caroline Southey in Brussels and Emma Tucker in Strasbourg

The European Commission yesterday deferred for more than a week a decision about whether France has breached treaty obligations by pressing ahead with nuclear tests in the South Pacific. Instead, it is sending a letter to France requesting further information on the tests, asking it to "react as soon as possible".

The Commission also agreed it would meet on October 23 to consider the French reaction and to assess data on the tests. It will then decide whether France is in breach of the European Atomic Energy Community Treaty (Euratom) treaty.

If Brussels decides the tests are "particularly dangerous" it could rule that France should have sought its approval before proceeding with them.

France believes that the Commission has no rights under the treaty to stop the tests, and that it has provided with all the necessary information. It has pressed Mrs Ritt Bjerregaard, the environment commissioner, to give a detailed list of questions to which it will provide the answers.

Mr Jacques Santer, the Commission president, told the European parliament yesterday that "we are carrying out our duties seriously but it takes time". The Commission had not so far found evidence that the many nuclear tests carried out to date had caused damage. "Environmental policy may have changed but the nature of the risk has not," he said.

Ms Pauline Green, leader of the parliament's Socialist bloc,

warned that the Commission's credibility was "on the line".

The Brussels decision fell short of a request by Mrs Bjerregaard that a warning letter be sent to France for not providing sufficient information and breaching the Euratom treaty.

"The Commission decided its case was not solid enough to press ahead with such a hostile act against France," an EU official said.

He said the case was "extremely sensitive" and complicated by the fact that the terms of the Euratom treaty had never been tested before.

Mrs Bjerregaard has accused France of failing to hand over vital information on the radioactive levels and the geological damage at test sites in the South Pacific. Commission experts visiting the area also claimed they were barred from visiting some installations.

France has countered that it has given the Commission all the necessary access on Mururoa but that it has a legal right to two months' notice for visits to the Fangataufa atoll in French Polynesia. Mrs Corinne Lepage, the French environment minister, last week invited Mrs Bjerregaard to visit Fangataufa.

A majority of commissioners balked at Mrs Bjerregaard's request for a warning letter which would have opened the way for infringement proceedings against France. This involves the Commission sending a warning letter, followed by a "statement of objection" and, last, a hearing before the European Court of Justice.

Some EU officials have argued that a wider group of experts should be asked to analyse the data brought back by EU experts.

Peter Norman on one of the Federal Republic's growth industries

It is a world away from Monaco and the restrained princely delights of Liechtenstein, but Germany has its own tax haven in a tiny hamlet in the lee of a dyke in the windswept northern state of Schleswig-Holstein.

Much to the chagrin of the federal court of auditors, which this week highlighted the case, the enterprising citizens of Norderdriedrichskoog have found a 300-year-old loophole in local property laws to exempt their community from levying capital-related taxes. As a result, the local farm houses have sprouted nameplates and letterboxes as corporations have registered their headquarters there.

The auditors' annoyance was directed less at Norderdriedrichskoog's 50 or so inhabitants as at the finance ministries in Bonn and Kiel which have failed to plug the loophole.

For Norderdriedrichskoog is symptomatic of how the German authorities appear to be losing their grip on the tax system. This is increasingly criticised as hopelessly complex and therefore liable to avoidance or evasion by the rich and the clever. Taxes are becoming a political issue as the wage-earning majority of the population, whose income tax is deducted at source, complains ever more loudly that they are not only high but unfair.

Several hundred kilometres south of Norderdriedrichskoog is Mannheim, where a drama is unfolding which throws the question of equity into even sharper relief. The father of the tennis star Steffi Graf has been held on remand in jail there since the beginning of August pending investigations into suspected tax evasion. Mrs Graf herself was questioned by the public prosecutor for eight hours last week.

Yesterday, the finance ministry of the state of Baden-Württemberg said it had asked the Bonn finance ministry to lift tax secrecy rules in connection with her case so that it could answer questions from MPs in the state parliament. This fol-

Evasion taxes Germany's leaky system



Taxing times for Steffi Graf who is under investigation

lowed Ms Graf's refusal to agree to such a step.

Press reports, none of which can be confirmed because of Germany's tax secrecy rules, have suggested that the Grads have paid only about DM10m in tax on income estimated at DM17.4m (\$130m) since 1989.

Although Steffi Graf is still a popular figure, the average voter is left wondering why he or she loses a good half of income in tax and social levies each month. In particular, how can Ms Graf apparently escape the rigours of a sharply progressive income tax regime

that imposes a 53 per cent top tax rate on a single person's taxable income from DM120,000 a year and then adds a "solidarity surcharge" of 7.5 per cent to pay for the development of eastern Germany?

Irrespective of whether the Grads are guilty or innocent, their case has prompted concern that tax evasion is one of Germany's few fast growing businesses.

Mr Erhard Geyer, the head of the German tax inspectors' association, said in an interview yesterday that "hundreds of billions of D-Marks" in taxes

were lost to the state each year through criminal activities and the black economy, which he estimated at 12 per cent of gross domestic product. However, the number of tax inspectors had been cut in the past five years while the number of taxpayers, corporate and individual, had increased to 20m from 14.1m, he complained.

Another aspect thrown up by the Graf and Norderdriedrichskoog cases is the sheer complexity of tax law and the government's difficulties in making changes. Last month, parliament approved a series of income tax changes from January 1996. Among them, said the Bonn finance ministry, were six "effective and pragmatic steps towards simplifying taxes". Shortly afterwards, the FT office in Bonn was sent a copy of the new guidelines for deducting taxes from wages: they amounted to 285 pages.

Mr Theo Waigel, the finance minister, wants to simplify and cut taxes. He is conscious that rates over 50 per cent are unpopular and stifle enterprise. His first priority is to reduce business taxes, starting with abolition of the local trading capital tax, the levy which companies in Norderdriedrichskoog avoid, which has to be paid irrespective of whether a company is in profit or not. However, his task is anything but easy. The revenues from the trading capital tax accrue to municipalities so that its removal will entail negotiations with their representatives at a national level. Abolition of the tax will also have to be squared with the opposition parties.

With tax changes at the mercy of political horse trading, it is no surprise that legislation is complex and confusing. However, even Germans were taken aback recently when their president, Mr Roman Herzog, told a television interview that he would only be able to fill in his tax declaration "with difficulty". Mr Herzog is not only a former president of the constitutional court but a tax expert to boot.

Brussels lifts bar on cable companies

By Emma Tucker in Strasbourg

Operators of the European Union's rapidly expanding cable television network will soon be allowed to compete directly with national telephone companies to offer new multimedia services such as teleshopping and home banking.

Legislation adopted by the European Commission yesterday will force member states to lift restrictions on cable operators that bar them from offering the new services. Brussels hopes the move will lead to a sharp reduction in prices charged to consumers and businesses for renting a line, roughly 10 times higher than in the US.

However, governments will still be allowed to block cable companies from offering basic voice telephone services, an area that does not have to be opened up in competition until January 1996.

"Obviously we would welcome a move by governments to allow voice telephony, but we cannot tell them what to do," said Mr Karel Van Miert,

The German government said yesterday that local authorities would have to make their utility infrastructures available free of charge to all operators in the liberalised telecom market after 1998, writes Michael Lindemann in Bonn. A legal report had confirmed this view, it said, as it released a revised draft law yesterday.

Mr Wolfgang Bötsch, the post and telecommunications minister, also said that the draft law spelled out that the interconnection charges which Deutsche Telekom and other network owners would impose on other

operators could not be set in a way which reduced competition.

In the latest draft special regulations will be imposed not just on companies with a market share of more than 25 per cent but also those with a "dominant position" in the market. The proposed legislation would be presented to the cabinet by December 6 at the latest, Mr Bötsch said. It must then be approved by both houses of parliament, a process which could drag on until next July because of objections from the opposition Social Democratic party and local authorities.

Nonetheless, he said the Commission intended to look closely at the matter, which is complicated by the fact that in some EU countries, cable networks are much more extensive than in others and could soon represent substantial competition to telecoms operators, albeit not for voice telephone services.

In such cases the operators will have to separate their accounts, which can then be clearly policed as a safeguard against cross-subsidy from one operation to the other. In 1998, the Commission will assess whether this separa-

tion is all that is needed to prevent anti-competitive practices.

The legislation does not address the concerns of telecoms companies which feel that, with restrictions lifted on cable operators, they should be allowed to enter the television market.

The European Parliament had asked Mr Van Miert to extend the scope of the legislation to allow cable television services to be offered by telecoms companies. However, he said yesterday that many governments had reservations.

"Do not forget that most telecoms companies are still monopolies," said Mr Van Miert. "Some people think 1996 is too early to allow them into the entertainment field."

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مركز العمل

Estonia cabinet split Sarajevo's darkest days recede

By Chrystie Freeland
in Moscow

An east European bugging scandal yesterday brought down the coalition government of Estonia, the Baltic state generally seen as one of the most successful and westernised of the former Soviet republics.

Mr Tiit Vahi, the prime minister, tendered his resignation after asking his interior minister, Mr Edgar Savisaar, to leave the cabinet.

Police and government officials have accused Mr Savisaar of tapping conversations between himself and other politicians, including the prime minister.

The affair has caused a row lasting several weeks between the main ruling group, Mr Vahi's Coalition party, and its junior partner, the Centre party, of which Mr Savisaar was leader before he resigned as party chief yesterday.

The scandal began when police seized tapes of conversations between Mr Savisaar and other leading politicians during a raid on a private security company whose owner had once been one of Mr Savisaar's close advisers.

Earlier this week, one of Mr Savisaar's senior aides admitted that she had made the tapes, but claimed that her boss had not known about them.

Earlier this week the Centre party turned down a demand by the prime minister that Mr Savisaar step down on his own initiative. On Tuesday night, Mr Lennart Meri, the president, sacked him at the request of the prime minister.

"People must be sure that nobody is tapping their phones," Mr Meri said.

"Estonia must start behaving like a proper state."

The affair has deeper repercussions than in other parts of the former Soviet Union where phone-tapping is thought to remain widespread, because Estonia likes to see the Communist era as an aberration imposed by Moscow, and has made strenuous efforts to expunge all traces of the Soviet era from its post-independence political culture.

Mr Vahi has resigned in order to expel the Centre party from the coalition. If his resignation is accepted by parliament, then the cabinet will be dissolved. The president will then select a new candidate to forge another coalition government out of Estonia's fractured 101-seat parliament.

The president has two choices of prime minister. If neither of the president's nominees manages to form a new government, then parliament can nominate its own candidate. If all of these attempts fail to produce a new government, then fresh elections must be called just six months after the last polls.

Some observers said Mr Vahi himself might be asked to form a new coalition government, into which he would invite the centre-right Reform party to replace the Centre party.

The introduction of the Reform party into the coalition might nudge the government slightly to the right, but, even under Mr Vahi's now dissolved centrist cabinet, Estonia had continued to pursue one of the most radical - and successful - reform programmes implemented anywhere in the former Soviet Union.

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Bosnian prime minister Haris Silajdzic appealing at the international book fair in Frankfurt yesterday for publishers to send books to Bosnia. "Our libraries have been decimated and devastated. We have only 20 per cent of the books we had before the war. Bosnia is not only about wars and blood, it is about culture and spirit," he said.

By Harriet Martin in Sarajevo

Sarajevans are again getting used to stopping at traffic lights, eating hot food and watching television, since gas and electricity supplies were restored to the city as a precondition for a ceasefire in Bosnia.

For the first time in five months, most people in the Bosnian capital have enough electricity to run a little more than a few light bulbs and a television, and those who have gas are at last able to cook.

Throughout the summer, few people had any means of cooking their humanitarian supplies of dried beans and macaroni.

By Tuesday, after the Serbs had duly allowed the repair of the electricity pylon cables they destroyed, the city was full of the sound of vacuum cleaners and washing machines. At the same time traditional Bosnian tunes mingled with techno-music from long-neglected cassette players.

Mrs Raza Dizdarevic, 49, who before the war ran a hairdresser's shop, has just opened a butchery. "Throughout the war everyone lived off canned meat. We're hoping though that now people will be able to cook, they'll start buying fresh meat again," she said.

Throughout the war so far,

Sarajevo has only received at best a tenth of the electricity it needs and so households are officially restricted to running just light bulbs and a television set. If they use more they face the prospect of being cut off.

Mrs Dizdarevic was well aware of this but she couldn't wait to get back to her home to make the most of the electricity.

Thousands of people had dug up their streets and connected themselves to the gas mains

ity supply. "As soon as I get home I'm going to do everything: make coffee, use the washing machine, cook and heat water for a bath. After that, they can cut me off, I won't care," she said.

For poorer Sarajevans, the restoration of utilities means the fear of almost total destitution is relieved.

Sarajevo is now receiving about 20MW of electricity. Once the repair of the damaged cables is complete it should receive 40MW, but that is only enough for basic domestic consumption.

People have tried to supple-

ment the lack of electricity supplies in Sarajevo with gas. Before the war, only 15,000 households had gas connections.

After three cold winters without a proper electricity supply and with soaring firewood prices, the number reached 70,000.

In desperation, thousands of people in Sarajevo dug up the road in front of their homes and connected themselves to the gas mains.

Mrs Vera Kotrosan, 62, like many people, tapped into her gas central heating pipes and, using some rubber tubing, put a pipe directly into her wood stove for heating.

"The central heating wasn't working so it was the only way we could get any heating at all," she said.

These dangerous illegal connections, combined with the fact that the gas supply is irregular and the gas odourless, have claimed a number of lives through gas explosions.

Since May, when the gas was turned off, the streets have been dug up again and the rubber hoses and plastic tubing replaced with proper gas valves and piping.

Mrs Kotrosan said: "We are just so happy that the gas has come back on. We only hope it lasts this time. I just want to take a normal bath. I don't remember the last time I did that."

German banks to rescue builder in east

By Judy Dempsey in Berlin

A consortium of German banks, headed by Berliner Bank, has agreed to issue a DM100m (\$68m) credit line to the German subsidiary of Maculan, the Austrian construction company, in an attempt to fend off bankruptcy and save more than 5,400 jobs in eastern Germany, at least temporarily.

The move by the banks coincides with a record number of bankruptcies among construction companies in the eastern states as the strong growth in this sector begins to subside.

Construction growth in eastern Germany is expected to be 11 per cent this year compared with 22 per cent last year.

Berliner Bank, one of Maculan's German bankers, said the credit line would be extended until November, when it is expected that Roland Berger & Partner, the consultants, will have drawn up a restructuring package for Maculan, a family-owned business based in Vienna.

Maculan has long-term debts of Sch1.9bn (\$190m) and short-term debts of about the same amount.

A group of Austrian banks last month extended new secured credits totalling Sch700m to the company.

Maculan, which rushed into eastern Germany after reunification in 1990 and managed to win one of the contracts offered by the German government to build housing for Russian soldiers returning to the former Soviet Union from east Germany, yesterday admitted it expanded too fast in eastern Germany.

"We did not restructure the companies which we had bought from the Treuhand and we did not respond to the growing competition from non-German companies and their lower labour costs," said Mr Thomas Winkler, investment relations manager for Maculan.

Its turnover in eastern Germany rose from Sch4bn in 1990 to Sch15bn last year.

The Association for the German Construction Industry yesterday said it expected insolvencies among east German construction companies to double this year, rising to 1,200 or 1,300.

"One of the reasons is overcapacity," said Mr Heiko Stiepelmann, spokesman for the association.

He added that the number of east German construction companies would have doubled to 15,000-16,000 over the past three years ago.

"The other reason is that productivity among east German businesses is still far below west German levels. These companies have not coped with pressure on

NEWS: INTERNATIONAL

Ozone scientists win Nobel prize

By Clive Cookson, Science Editor

The Nobel chemistry prize has been awarded to three atmospheric scientists who first raised the alarm over the destruction of the protective ozone layer by man-made chemicals.

Two are American - Professors Mario Molina, born in Mexico and now working at the Massachusetts Institute of Technology, and Sherwood Rowland of the University of California at Irvine - and one is Dutch, Prof Paul Crutzen of the Max Planck Institute for Chemistry in Mainz, Germany.

Much of the work that led to the prize was carried out during the 1970s. The three showed that man-made chemicals - particularly the chlorofluorocarbons (CFCs) then used in aerosols, refrigerators and insulating materials - were breaking down the molecules of ozone in the upper atmosphere that protect life on Earth from the sun's harmful ultraviolet radiation.

Their research led to some restrictions on CFCs before the British Antarctic Survey proved that there was an "ozone hole" over the South Pole in 1985. They provided the scientific foundation for the international Montreal Protocol phasing out CFCs, which was agreed in 1987.

"By explaining the chemical mechanisms that affect the thickness of the ozone layer, the three researchers have contributed to our salvation from a global environmental problem that could have catastrophic consequences," said the Royal Swedish Academy of Sciences in its Nobel citation.

The physics prize went to two nuclear physicists from the US - Professors Martin Perl of Stanford University and Frederick Reines, from the University of California at Irvine - for discovering a pair of subatomic particles. The neutrino and tau particles are fundamental building blocks of matter and important ingredients in understanding the laws and forces of the universe.

Clinton in plea to preserve aid to poor

By Robert Chote, Economics Editor, in Washington



President Bill Clinton yesterday urged the Republican Congress not to cut US support for the World Bank's concessionary loan facility for poor nations, arguing that it was an investment in the export market of tomorrow.

A joint conference committee of the Senate and House of Representatives is to meet soon to try to agree the latest US contribution to the International Development Association (IDA). The administration had hoped to contribute \$1.38bn in the 1996 financial year but the Senate wants to pay only \$775m and the House \$675m. If the US cuts its payment, other countries can do so in proportion.

"It's simple. The IDA is essential," Mr Clinton told the World Bank annual meeting. He said contributing would be

good for narrow US interests but that it was also the right thing to do for the world. "Resolving the funding for dealing with today's despair will save the world and the United States a lot of money and perhaps even precious lives in the future."

"Many in the Congress have forgotten that the IDA recipients of yesterday - countries like South Korea, Indonesia, Turkey, China, Chile - are today among America's most important trading partners. Those who are reminded of this perhaps will be tempted to change their position," he said.

"Restoring funding for IDA is one of our administration's top priorities because it is the right thing to do. Of course it serves our interests, but it is also the right thing to do. And it is not necessary - not necessary - for the United States to walk away from its commitment to balance the national budget. Don't let anybody tell you that it is."

The burden placed on World Bank soft loans made through

the IDA has increased as industrial countries have pared back their aid budgets. Official development aid to sub-Saharan Africa and South Asia was worth nearly 15 per cent less last year than at the beginning of the decade, according to World Bank figures published yesterday.

Official aid to sub-Saharan Africa totalled \$15bn in 1994, equivalent to less than \$29 a head. It has fallen by 10 per cent since 1990, adjusted for changes in import prices and excluding aid in the form of technical assistance. Aid to South Asia has meanwhile dropped by nearly 25 per cent to \$4bn, or \$3 a head.

By 1994, about 40 per cent of official development aid to South Asia came in the form of IDA loans, compared with less than 30 per cent in 1990.

Mr James Wolfensohn, the new World Bank president, and heads of three development-related non-governmental organisations (NGOs) put aside their traditional institutional hostility yesterday to make a joint plea for IDA.

Ms Julia Taft, president of the InterAction umbrella group for US NGOs, said Congress was considering cuts in country-to-country aid as well. "By the turn of the century, the flow of development assistance could be little more than a trickle," she warned.



President Clinton, who addressed the World Bank meeting yesterday, contributing to the IDA the right thing to do

The NGOs welcomed the World Bank's efforts to keep IDA afloat and the organisation's greater willingness to discuss the social and distributional consequences of the macroeconomic policy it demands from countries to which it gives assistance. But some of the more radical NGOs are uneasy at this apparent rapprochement between the voluntary sector and the bank.

Mr Abdou El Mazide N'diaye, president of the forum of African voluntary development organisations, said it was much easier to have a meaningful dialogue with the bank and its staff than it had been 10 years ago. Mr Wolfensohn conceded that "there will always be some people at the World Bank who don't like NGOs and never will and there will be some in the NGO community who will never like the bank." But he said these were small groups.

Editorial Comment, Page 13

INTERNATIONAL NEWS DIGEST

Israel frees 900 Palestinians

Israel evacuated military administration offices in three Palestinian villages yesterday and said it had released 900 Palestinian prisoners in the first steps toward implementing the second stage of the Palestinian-Israeli peace agreement.

The three villages, and a fourth that was evacuated on Tuesday, are the first of 450 whose civil and police control will be handed over to the Palestinian Authority. Israel maintains the right to enter these villages throughout the interim stage. The September 28 accord, which widens Palestinian rule in the West Bank, calls for Israel to withdraw completely from six big towns and part of a seventh in coming months.

The prisoner release went ahead despite expectations that many would refuse to leave in protest at the continued incarceration of four women.

Israel did not release the women because it said they had Jewish "blood on their hands." Earlier in the week 20 female prisoners had refused to leave prison to show solidarity with the four. The peace agreement calls for the release of all female prisoners.

More than 4,000 Palestinian prisoners remain in Israeli jails. Last month's accord calls for them to be released before Palestinian elections and talks on a final status settlement, both scheduled for next spring. Mark Dennis, Jerusalem

Lebanese president to stay on

Lebanon's political leaders have agreed to extend pro-Syrian President Elias Hrawi's six-year term which expires next month, Syrian President Hafez al-Assad has said. His comments, which angered exiled Christian Lebanese leaders, appeared to indicate that the thorny presidential issue had been resolved in favour of extending Mr Hrawi's term rather than holding an election next month.

Syria's 35,000 troops in Lebanon make it the country's ultimate power broker and few political decisions are taken in Beirut before consulting with Damascus. "In general, everybody was with the extension. All three, the president, parliament speaker [Nabih Berri] and prime minister [Rafik al-Hariri]," Mr Assad said in newspaper interviews.

Government officials in Beirut say Syria prefers to stick with Mr Hrawi as a known friend while it confronts serious regional problems and unfinished peace talks with Israel. Opponents, particularly in the Christian minority who resent Syrian influence in Lebanon, see the proposal as a threat to democracy. Reuters, Beirut

Iraq misled UN arms inspectors

The United Nations official in charge of scrapping Iraq's weapons of mass destruction said yesterday that Baghdad had misled his inspectors and had made more advances in all weapons areas than previously thought.

In a 39-page six-month report to the Security Council, however, Mr Rolf Ekeus, head of the UN Special Commission, gave no time frame for when his work would be completed. He said only that if "Iraq were genuinely to translate its statements into action, there would be a real hope for the completion of the task entrusted to the Special Commission within a reasonable time-frame".

The tenor of his report, however, was negative and Mr Ekeus said the commission's preliminary analysis of new documents Iraq had revealed in August showed Baghdad had been concealing prohibited arms activities, causing the commission to revise many earlier assessments. He said Iraq had concealed a large biological weapons programme, its chemical missile warhead flight tests and work on developing a missile to deliver a nuclear bomb. Reuters, New York

OVERSEAS DEVELOPMENT AID

	Sub-Saharan Africa ODA (of which IDA)		South Asia ODA (of which IDA)	
1990	16.7bn	2bn	5.3bn	1.5bn
1993	16.2bn	2.2bn	4.1bn	1.2bn
1994	15bn	2.8bn	4bn	1.8bn

at 1994 prices, deflated by recipient countries' import prices

Source: World Bank

S Africa to resolve local election difficulty

By Roger Matthews, in Johannesburg

The South African parliament met in emergency session yesterday to approve the final piece of legislation to permit local elections to be held as scheduled on November 1.

The local elections are the final stage in the three-tier system of democracy provided for in the interim constitution, and the new structures will form a vital element in delivering basic services to many deprived areas.

The special parliamentary session had to be called after the Constitutional Court ruled

last month that an amendment giving President Nelson Mandela the power to issue proclamations relating to the elections was invalid. The court gave parliament until October 24 to rectify the situation, or call off the elections.

With campaigning already well under way, the African National Congress used its majority in a parliamentary sub-committee to push through the necessary amendment, despite opposition from the National party, its partner in the government of national unity. This should clear the way for parliamentary approval. At the same time,

the ANC abandoned another clause which could have provoked a fresh appeal to the Constitutional Court.

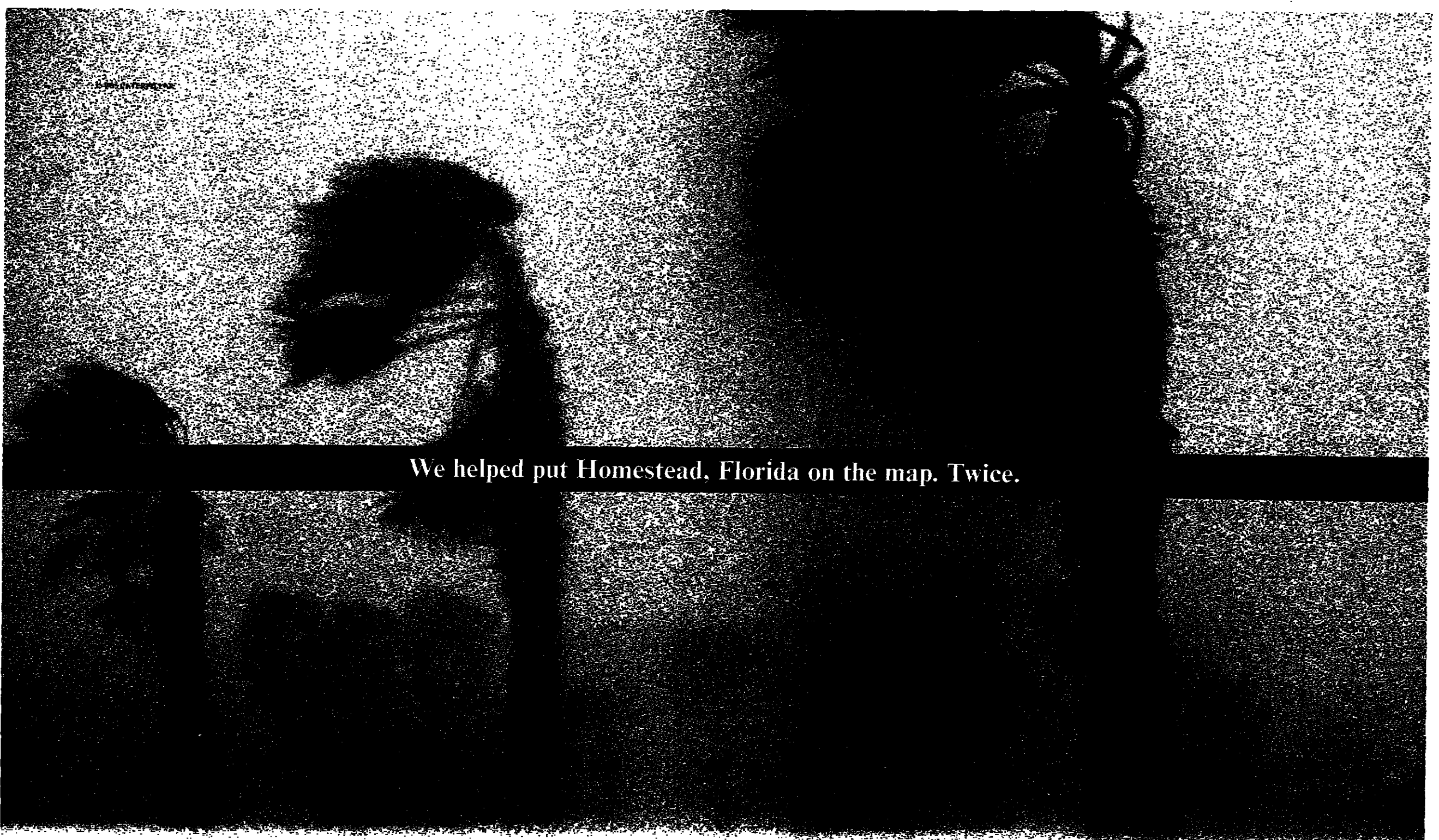
Mr FW de Klerk, the leader of the National party, while declaring that the government was functioning well, has challenged the ANC to pledge its total commitment to free market policies, and promise not to resurrect its former left-wing dogma if it ruled alone. He complained that the special inner cabinet committee, formed to seek new ways of accelerating economic growth, had not met for some time, and there was no indication that it would meet again.

The National party is also seeking to portray the ANC as soft on crime, an issue which may come to dominate the campaign. President Mandela has laid the blame for worsening crime figures on the apartheid system and the National party, which he said devoted 80 per cent of police resources to white areas during the time it was in power.

The organisation of the election is likely to command almost as much attention as the issues. Unlike the April 1994 general election, only those electors who have registered can vote, and they have to go to specified polling sta-

tions. The national average of those registered is about 70 per cent, and there are continuing attempts by some ANC officials to get the lists reopened in order to prevent frustrated voters being turned away on polling day.

Voting in the troubled province of KwaZulu-Natal has been postponed until next year because of unresolved arguments over boundaries and the role of traditional leaders in the new democratic arrangements. Even without those unresolved issues, voting might have been put off due to the serious level of political murders and criminal violence.



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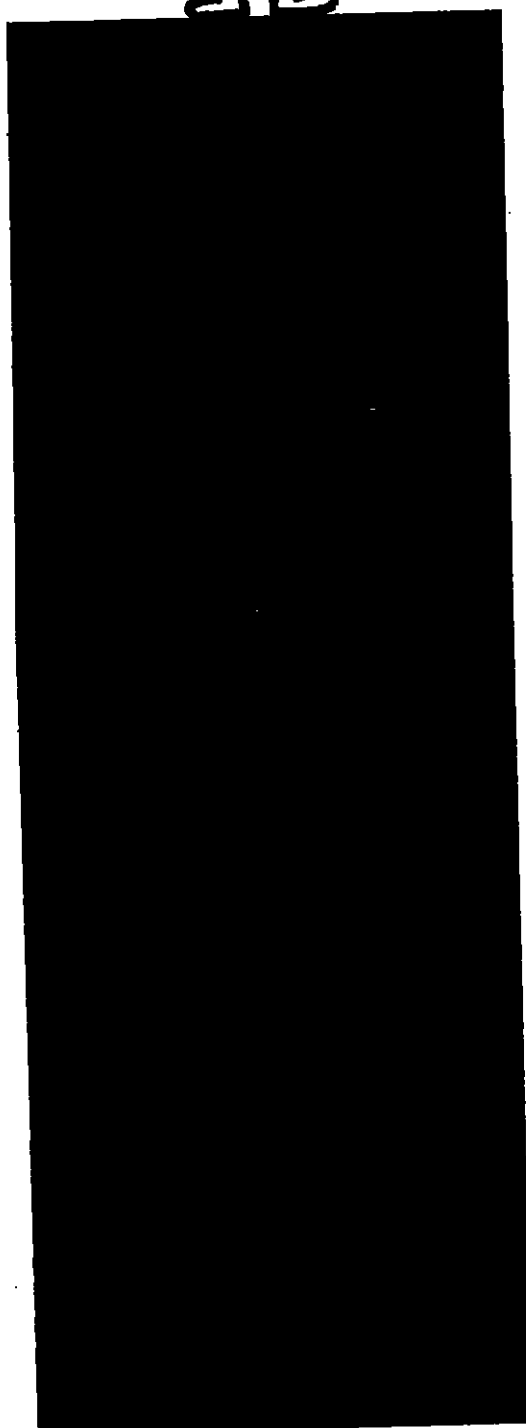
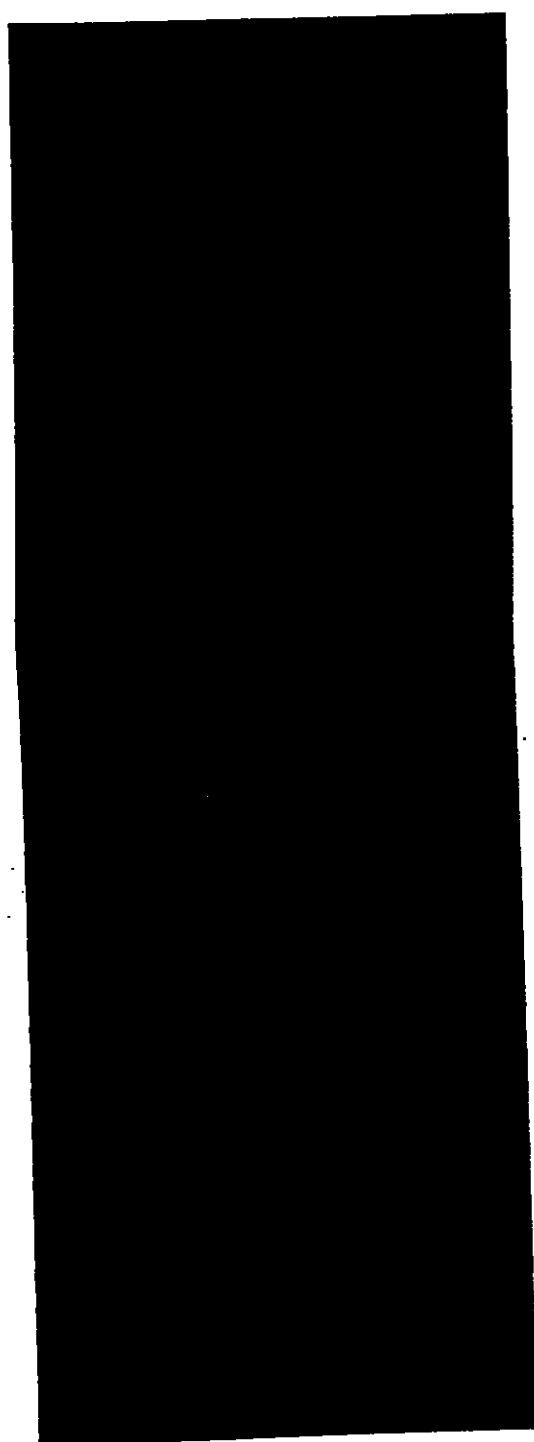
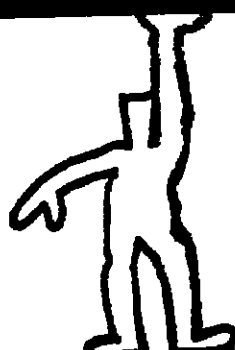
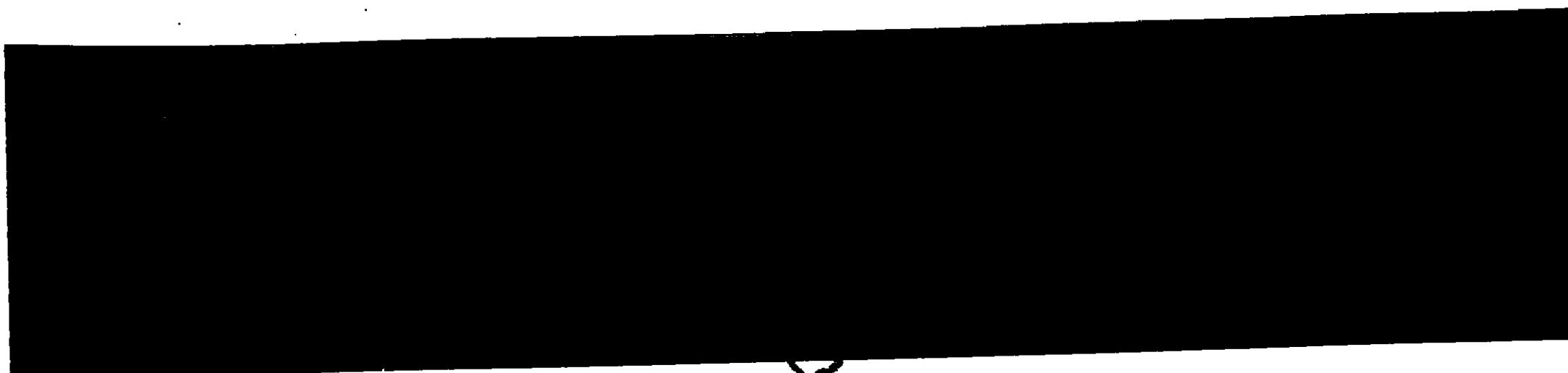
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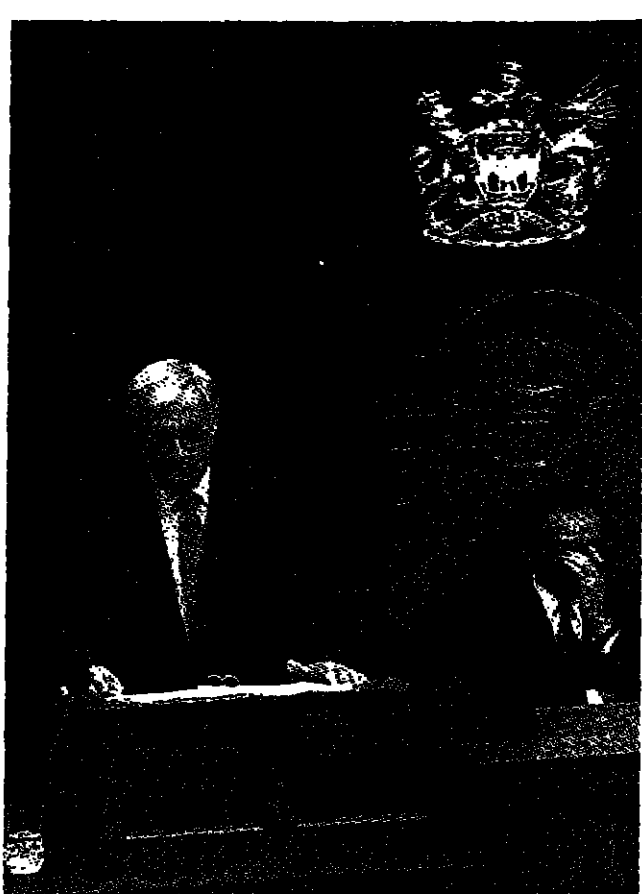
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Chris Patten making his policy speech to legislators yesterday as Mr Andrew Wong, the LegCo president, listens

Patten warns LegCo he may veto new laws

By Simon Holberton in Hong Kong

Mr Chris Patten, Hong Kong's governor, yesterday warned the colony's newly elected Legislative Council he would veto any enacted legislation he thought was contrary to Hong Kong's best interests.

But he sought to strike a populist note in announcing termination of a controversial labour importation scheme and pledged more money for Hong Kong's disadvantaged.

Mr Patten's threat to use his reserve powers, given at the opening of a new LegCo session, was heavy with irony. He has just ended a two-year battle with China to broaden Hong Kong's democratic franchise.

It was a battle which resulted in Beijing's vowing to dissolve the assembly on resumption of sovereignty in mid-1997, but which may mean his having to resort to quasi-dictatorial powers to keep Hong Kong's representatives in line.

His warning was directed at lawmakers in the pro-democracy camp who, after last month's elections, promised to amend past Sino-British agreements, especially the one relating to Hong Kong's legal system.

Mr Martin Lee, chairman of the Democratic party, vowed to use private members' bills to promote more welfare-oriented social policies.

During last month's LegCo elections, the government's labour importation scheme became the focus of public anger over rising unemployment. Over 100,000 are jobless in Hong Kong, 3.5 per cent of the workforce and the highest level for a decade.

Under the scheme, companies could import up to 25,000 foreign workers, although they had only availed themselves of 16,000. Mr Patten said the scheme would be allowed to run down and, from the beginning of next year, a much more restricted scheme permitting only 5,000 imported workers would be introduced. Mr Lee said he was "disappointed" with the governor's proposal and would seek abolition of the scheme.

Mr Patten said benefits for the elderly, single mothers and the unemployed would be raised, some by more than 50 per cent, from next April.

Mr Patten's address, designed to show he remained in control of events, included a long section seeking to show how he had fulfilled much of the social agenda he outlined three years ago.

His address yesterday was the last "policy" speech he would make to LegCo. This time next year would be an occasion to focus on "how we are handing over Hong Kong in good order, its stability intact and prosperity secure".

Britain and China had reached some important agreements affecting Hong Kong in London last week. He restated his willingness to work with China for a smooth transfer of sovereignty. At the start of next year, China will appoint a "preparatory committee" to oversee transfer of sovereignty and selection of Hong Kong's first "chief executive", as the governor will be known.

The government had proposed, and China accepted, setting up a liaison office to provide an efficient central point of contact with the preparatory committee, Mr Patten added.

Daiwa to be punished for losses cover-up

By Gerard Baker in Tokyo

Mr Masayoshi Takemura, the Japanese finance minister, said yesterday his government would take punitive action against Daiwa Bank over the cover-up of massive bond trading losses by a trader at its New York branch.

Mr Takemura refused to specify the measures planned, but it is thought the bank is likely to be the first Japanese city bank, or leading commercial bank, to receive a formal order to

improve its operations. Such an instruction, issued under the country's banking law, is a measure usually reserved for the most extreme cases of incompetence or corruption.

But the Finance Ministry refused to give further details of its own role in the failure to disclose full details of the losses. On Monday, officials acknowledged the ministry was told about the \$1.1bn (£700m) loss at a meeting on August 8, nearly six weeks before US authorities were notified. One official yesterday

defended the ministry's failure to tell the US Federal Reserve, saying, "It was Daiwa's responsibility to report the incident to the US regulators." He said the ministry had prior warning only of a vague outline of the losses. It was not given full details until after Daiwa had completed an internal investigation on September 12.

US officials are reported to be deeply unhappy with the ministry's actions. The August 8 meeting of Daiwa's president and the senior official in charge of banking supervision at

the ministry took place at a sensitive time in relations between financial authorities in the US and Japan, when the two countries were said to be co-operating closely on international financial matters.

During the summer, US officials had repeatedly expressed concerns about the stability of the Japanese financial system. They were reassured both publicly and privately by their Japanese counterparts that the system's problems were manageable. But it now appears the Finance Ministry

withheld information from the US authorities that could have been regarded as central to US concerns. Financial market observers in Tokyo yesterday felt the ministry's admission had created further problems for the beleaguered Japanese banks. "This is a question of trust," said Mr David Snoddy, analyst at Jardine Fleming. "It has deeply damaged the reputation of the ministry among international investors. That represents another blow to confidence in the system as a whole."

Chaebol reassess foreign plans

South Korean curbs are forcing a readjustment, writes John Burton

The Seoul government's new restrictions on overseas corporate borrowing are forcing South Korean industrial groups to reassess their foreign investment plans.

Samsung and Hyundai, for example, were busy yesterday readjusting financing arrangements for their proposed semiconductor plants in the US, although both companies said the projects will proceed.

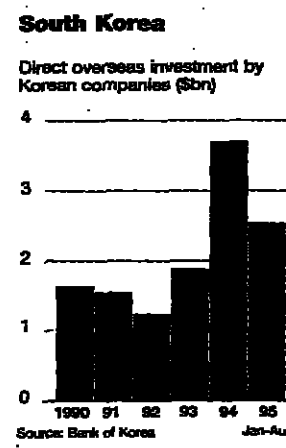
Korea's big conglomerates, the chaebol, have been relying heavily on banks and capital markets abroad to finance an ambitious agenda of foreign investments.

Worried about rising foreign debt, the Ministry of Finance and Economy this week announced that companies would have to raise 20 per cent of the funds in Korea for foreign investment projects above \$100m.

This will add to the expense of overseas investments since Korean interest rates are 5-6 per cent higher than abroad.

"There is no doubt about it that these measures will force companies to review and revise their foreign investment plans. We will be likely to see some projects dropped and others delayed," said a spokesman for the Federation of Korean Industries (FKI), which represents the country's leading chaebol.

The new funding requirements "will make some foreign projects unprofitable because it will increase their financial costs. I expect investments projected to have a modest rate of return will be cancelled," said Mr Lee Hahn-koo, president of the Daewoo Economic



Research Institute.

"This will particularly hurt medium-sized Korean companies that want to expand abroad because they have a harder time raising capital in Korea than the chaebol," said Mr Jonathan Dutton, an analyst with SG Warburg Securities in Seoul.

Korean foreign investments have risen sharply since September 1992, when the government relaxed restrictions on overseas financing. Foreign subsidiaries of Korean chaebol were allowed to borrow from financial institutions abroad and use the money to establish manufacturing plants and acquire companies overseas.

"The easing of the restrictions was crucial to the overseas advancement of Korean industry because companies, which face a shortage of credit at home, were able to tap a larger source of cheaper funds abroad," said Mr Eugene Yun, chief economist at Schroders Securities in Seoul.

But government officials have expressed worries about the growing size of Korea's total foreign debt, which has climbed from \$48.4bn in June 1994 to \$70.2bn last June.

The imposition of limits on foreign borrowing is meant to prevent Korea's over-leveraged chaebol from increasing their debt burden. "The most benign interpretation of the government's action is that it wants to stop the chaebol from taking risky investments abroad," said Mr Lee.

The main chaebol are preparing to expand their overseas operations greatly over the next several years. Daewoo, for example, plans to spend 40 per cent of its total investment in foreign countries by 2000, up from the present 10 per cent.

But Daewoo's proposals to invest at least \$1.6bn on car making facilities in eastern Europe have encountered domestic criticism. The pro-government Korea Herald said in an editorial supporting the measures that Daewoo's proposed \$953m takeover of the Polish carmaker FS Obowoych "may be too much and too soon, in view of the modest level and wariness on the part of most Western countries investing" in Poland.

Officials worry that, if such investments fail, the government will eventually be responsible for bailing them out as in the 1980s, when Korean construction projects in the Middle East went sour.

Some analysts believe political factors also lie behind the new curbs. "This is a last attempt by the government to retain control over the chaebol," said Mr Yun.

The government traditionally used state-directed bank loans to keep a leash on the chaebol. But the chaebol's growing dependence on foreign and domestic stock and bond markets for financing is weakening the government's ability to guide their future development.

"Foreign lending, in particular, poses a danger to state control over the chaebol because it is beyond the government's jurisdiction. By mandating domestic funding for foreign investments, the government still has a hook in the chaebol," Mr Yun explained.

In addition, the government has expressed concerns about an exodus of high-technology and strategic manufacturing abroad, which would undermine its policy of creating a strong domestic industrial base.

The chaebol argue that industrial expansion overseas is necessary to improve Korea's economic competitiveness in foreign markets.

The foreign investment curbs raise new doubts about Korea's commitment to financial liberalisation as it prepares to join the Organisation for Economic Co-operation and Development. Korea had promised to abolish most controls on overseas borrowing by 1999.

The FKI is hoping it may persuade the Ministry of Finance and Economy to modify the measures. FKI officials noted that the Ministry of Trade, Industry and Energy has expressed opposition to the foreign investment curbs as being harmful to Korean industry.

Wave of applications follows first stage of liberalisation

Thais rethink insurance permits

By Ted Bardacke in Bangkok

An unexpectedly large wave of applications for insurance licences in Thailand has forced the government to reconsider its decision to offer an unlimited number of new licences.

The booming Thai insurance market, worth about \$125bn (\$3.4bn) a year and growing at least 20 per cent annually, attracted applications from some of the biggest names in Thai industry, such as agro-industrial conglomerate CP Group, building materials giant Sahaviriya and Finance One, Thailand's largest non-bank financial group. In total, 43 companies applied for life insurance licences and 44 for non-life licences, the

Monsoon floods, ravaging Thailand since July, have claimed 171 lives and caused nearly \$43bn (\$75m) in damage to crops and property, a government statement said yesterday. Reuter reports from Bangkok. Heavy rains have displaced more than 1m people

Commerce Ministry said. The last new licence was awarded in 1981, and the present programme is the first part of a three-stage liberalisation of the Thai insurance industry. Once the new companies are operating, the foreign ownership limit will be raised to 49 per cent (25 per cent now). Existing insurance companies have played up worries

in 66 of the country's 76 provinces, it said. The authorities estimate that 6 per cent of the main Thai rice crop due to be harvested by the end of this year has been destroyed in the floods, said to be the worst in nearly 12 years.

that the indiscriminate awarding of new licences will cause the industry to become too cut-throat, leading to financial failures by new and old companies. These warnings are compounded by a lack of trained personnel for the sensitive tasks of risk management.

Officials at the Commerce Ministry have remained non-committal about whether they

will follow the previous government's plan to award licences to all qualified applicants, saying they want to study the applications first. An announcement should be made within 90 days.

Thailand already faces a shortage of about 10,000 trained workers for the insurance industry, the Thai Life Assurance Association says. Existing companies report losing as many as 30 per cent of their staff to new applicants. Salaries in the industry have doubled in some cases.

Some existing companies are planning to step up their reinsurance business to serve the newcomers; others have taken foreign partners to bolster expertise.

ASIA-PACIFIC NEWS DIGEST

Keating returns fire on Murdoch

Mr Paul Keating, Australia's prime minister, yesterday hit back at criticism by Mr Rupert Murdoch, the international media proprietor with large newspaper publishing operations in Australia, about the state of the country's economy.

Mr Keating said the economy was "robust, rather than 'terrible' as Mr Murdoch maintained."

Mr Murdoch, in Adelaide for his News Corporation's annual meeting on Tuesday, had described the economy as a "disgrace", and pointed to an unemployment figure of over 8 per cent, and much higher levels of youth unemployment.

Yesterday, Mr Keating countered, telling a press conference that "with an election up to half a year away, it is a good opportunity for me and the government to confirm again simply how strong the Australian economy is". News Corp, he continued, should become involved in the government-sponsored training programmes to help ease the high rate of youth unemployment.

The falling-out between News Corp and the government appears to be less bitter than a fracas earlier this year between Canberra and Mr Kerry Packer, another Australian media tycoon. But Mr Murdoch's comments come at a sensitive time, with pre-election campaigning under way and the government lagging in the polls. They were interpreted as a sign that the businessman may be hedging his political bets before a potential change of government.

Nicki Tail, Sydney

NZ chemical fumes hurt 50

At least 50 people were admitted to hospital yesterday after a fire and explosion at a New Zealand insecticide plant sent toxic fumes into the atmosphere, emergency services said. More than 700 people living near the south Auckland plant were evacuated from their homes as over 100 firefighters and 27 engines battled to put out the blaze. The fire service declared a red alert, its highest level and the first such alert in Auckland for a decade. But it was lifted around five hours after the blaze started.

Reuter, Wellington

Suu Kyi regains party post

Burma's democracy leader Aung San Suu Kyi (pictured left) has been reappointed general secretary of the party she helped found seven years ago, which went on to sweep a 1990 election, party members said yesterday. Ms Suu Kyi, released from six years of house arrest in July, was reappointed general secretary of the National League for Democracy at a party meeting on Tuesday. Two other senior party members released from prison in March were appointed vice-chairmen. Mr

Tin Oo, a former senior military officer who founded the party with Ms Suu Kyi in 1988, was appointed vice-chairman, as was Mr Kyi Maung. He led the party to its May 1990 election victory, after Ms Suu Kyi and Mr Tin Oo were imprisoned, until he too was imprisoned later that year.

The NLD was formed in September 1988, days after the military crushed a democracy uprising and set up the ruling State Law and Order Restoration Council (SLORC). Less than a year later Ms Suu Kyi was placed under house for "endangering the state". Despite her detention, the NLD took 392 of 485 parliamentary seats in a May 1990 election, but the SLORC ignored the result and launched a sweeping crackdown on all opposition, imprisoning many senior NLD members at the national and local level. The rump of the party, led by Mr Aung Shwe, formally expelled Ms Suu Kyi after pressure from the SLORC in December 1991, shortly after she won the Nobel Peace prize.

Reuter, Rangoon

Shanghai to get £2.8m UK aid

The UK has approved aid grants of £2.8m (\$4m) to combat industrial pollution and improve the municipal water supply in Shanghai, the British Overseas Development Administration said yesterday. British experts commissioned by the ODA would work with the Chinese authorities on projects aimed at strengthening Shanghai's pollution monitoring, promoting pollution control techniques and producing a plan to ensure an adequate and safe water supply for the city to 2000.

China's industrial output rose by 13.4 per cent in the first nine months of the year to Yn2.28bn (\$154bn), the State Statistics Bureau said in a report. Industrial output growth in the third quarter increased by 12.3 per cent, from 14 per cent in the second quarter and 14.4 per cent in the first quarter.

China has identified 474 state-owned enterprises that could be merged or declared bankrupt in an attempt to eliminate loss-making industries in 18 pioneer cities, the China Securities said on Tuesday. Of the 474 enterprises, 161 have started the process of going bankrupt, it said, quoting Mr Chen Qingtao, vice-minister of the state economic and trade commission. Of these, 58 state companies have already declared themselves bankrupt, 20 are in the process of going bankrupt and 83 are about to start down the road to liquidation, he said.

US giants Coca Cola and PepsiCo have grabbed an 18.5 per cent share of China's fast-growing soft drink market, the People's Daily said on Tuesday. China produced 6.27m tonnes of soft drinks and other beverages in 1994, or nearly 22 times the level of 1980, which translates into an average annual growth of 25 per cent, the newspaper's overseas edition reported. Yet Chinese consumers still drink just an average 5kg a year, or one-ninth the global average, leaving room for continued growth, the newspaper said.

Reuter, Beijing

Spratty talks under way

The sixth round of talks on the disputed Spratly Islands opened on Tuesday with Indonesia, the host, urging claimants to avoid turning the area into Asia's next flashpoint. They are the first such talks since tensions between rival claimants returned to the surface this year, with rows between China and its neighbours. The Spratlys are a cluster of potentially oil-rich isles and reefs in the South China Sea claimed wholly or in part by China, Taiwan, the Philippines, Vietnam, Malaysia and Brunei.

Reuter, Balikpapan, Indonesia

The Philippine economy is not in danger of overheating despite an annual inflation rate at a 45-month high of 11.8 per cent in September, Morgan Stanley Asia said. Mr Michael Taylor said in a research paper the rise was due to food price increases, particularly rice. "The inflation figures, in detail, then, hardly suggest that inflation is raging out of control because of excessive monetary laxness."

Reuter, Manila

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Islamic militia opens attack on Afghan capital

By Farhan Bokhari and agencies

Afghanistan's Islamic *taliban* militia yesterday launched an offensive on Kabul. The attack follows several months' speculation that *taliban* fighters were preparing an offensive to oust President Burhanuddin Rabbani.

The strategic town of Charaust, 20km south of the capital, has been captured from forces loyal to the president, putting *taliban* forces within rocket range of Kabul, according to reports reaching western sources in neighbouring Pakistan.

There were few reports of casualties in yesterday's fighting, but at least one rocket landed in south west Kabul, residents said.

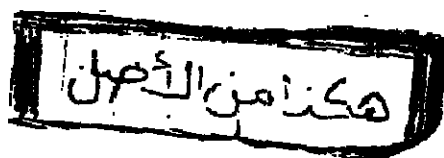
This latest development again raised fears of another round of fighting in Afghanistan, especially as reports poured in that Mr Rabbani's government was preparing a counter-attack. Since Soviet forces left in 1989, no single faction among Afghanistan's various Islamic and ethnic groups has proved strong enough to take charge of the entire country.

The *taliban* - students from traditional religious schools who many believe are backed by Pakistan - appear to have strengthened their position since last month, when they invaded the western city of Herat. Their motives are still unclear except that they say they want to restore peace to the country.

However, the small number of westernised Afghans worry that they would try to introduce a new brand of Islamic fundamentalism.

Meanwhile, concerns are mounting about a worsening humanitarian crisis which some observers believe has undermined peace efforts. Earlier this week, the United Nations published its annual appeal seeking up to \$124m in aid for the next 12 months. However, donors have given less than 80 per cent of the \$106m sought last year.

Many are concerned that new money will end up in projects that are destroyed in fresh fighting. But UN officials are urging donors to consider that many young Afghans who are well armed will find it hard to give up their weapons unless new economic opportunities are available.



WTO to hear anti-EU complaints

By Frances Williams in Geneva

The World Trade Organisation yesterday set up independent dispute panels to rule on complaints against the European Union by Canada on cereals tariffs and by Peru and Chile on labelling regulations for scallops.

However, the EU rejected a panel request by the US, also on cereals tariffs, saying that consultations now under way had "every chance of reaching a successful result". If the dispute is not resolved, under WTO procedures the EU must agree to a panel at the next meeting of the dispute settlement body on November 1.

The body was also told that a recommended list of candidates for the seven-member appellate body had been drawn up and would be presented to WTO members no later than November 1. The selection has been held up for months by EU and US demands for two seats each, which they have now had to abandon.

Ambassador Don Kenyon of Australia, the disputes body chairman who presided over the six-man selection committee, said yesterday that the committee had concluded its deliberations but that a "very few" WTO members had requested a short time "for reflection". This is thought to refer to a last-ditch effort by Brussels to get the Swiss nomination substituted for the candidate from New Zealand.

The other chosen appeals judges are thought to be from the US, Germany, Egypt, the Philippines, Uruguay and Japan.

The cereals complaints relate to Brussels' use of reference prices to set tariffs rather than the prices of individual grain shipments which, it is argued, violates the terms of the WTO's farm trade agreement.

Peru and Chile are complaining about French labelling regulations which prevent their scallops being described as "coquilles Saint Jacques", although they are claimed to be identical to the French variety.

Farm row halts Apec trade talks

By William Dawkins in Tokyo

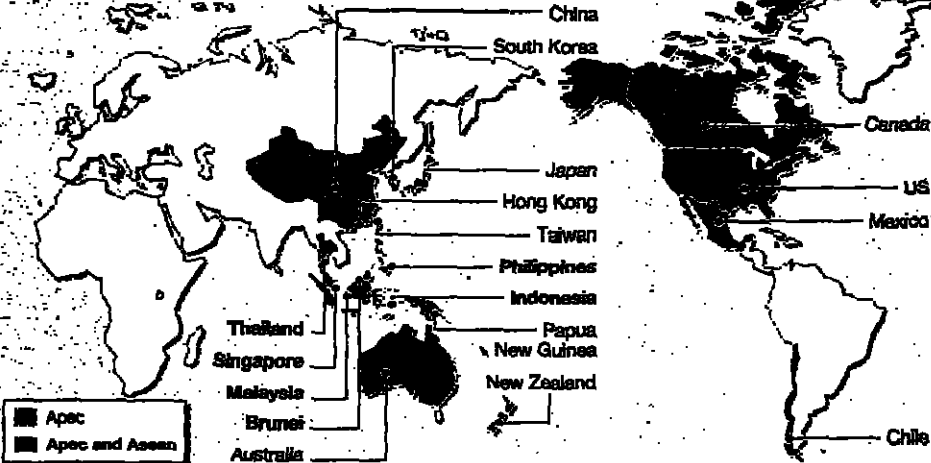
Members of the Asia Pacific Economic Co-operation forum, representing half the world economy, yesterday failed to resolve a deadlock over plans to liberalise trade in goods and capital by early next century.

Senior officials of the 18 Apec member countries, chaired by Japan, broke off talks yesterday morning, unable to narrow a split over whether farming should be included in plans to bring free trade in the region by 2010, with developing countries joining in 10 years later.

"Each member just repeated his basic stance... the basic structure of confrontation remains unchanged," said a Japanese foreign ministry official. Differences were too deep to be resolved by simply rewording the plan, he said.

The dispute will now be passed to trade ministers for a final attempt at a political accord, three days before Apec leaders meet for a summit in Osaka on November 19. Failure

Apec: the 18 members



to resolve the row would jeopardise the summit's hopes of agreeing on a so-called "Action Agenda", a schedule for implementing Apec's ambitions.

Japan, China and South Korea want to exclude their uncompetitive farmers from the Apec principle, agreed at a summit last year, that trade

barriers to all sectors be dismantled. Mr Hosi Norota, the Japanese agriculture minister, yesterday admitted that he had "not told negotiators to go so far as to make extensive concessions so that the meeting will be able to reach an agreement."

The region's top food exporters, the US and Australia, continue to demand that all sectors must be included, though US officials are prepared to countenance a phasing-in period for farmers. Exclusion of one sector, they argue, would cause others to demand special treatment, unravelling the whole Apec scheme.

There is also discord over whether Apec countries should extend free trade benefits unconditionally for all members, or have the right to demand reciprocal advantages first, according to officials. Here, the US and Australia are seeking firm rules, while Asian members want such gains to be automatic across Apec.

Officials had aimed for an accord by Tuesday evening, but extended the talks to yesterday morning when the seriousness of the deadlock became clear. Apec officials continue to meet in Tokyo for the rest of the week, which they will spend discussing the next item on their agenda, plans to improve economic and technical co-operation between richer and poorer members.

Apec's membership is diverse, embracing Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, South Korea, Taiwan, Thailand and the US.

Chinese executive air travel venture takes off

By Tony Walker in Beijing

Global Aviation, a Swiss-owned charter operator, yesterday announced a "strategic alliance" with China Southern Airlines to provide a new air travel service for executive visitors to China and medical evacuees.

Mr Maurice Amon, chairman of Global Aviation, said the service would be aimed at busy executives who wished to include a number of centres in China in their schedule but had limited time.

At present, executive charter flights into China are restricted, and the lack of adequate locally-based services leaves a gap in the market.

The new charter company will operate from a recently-completed airport in Zhuhai special economic zone in southern China. Global Aviation, through Aeroleasing Far East, its wholly-owned subsidiary, has been providing executive air charters in Asia since

1988, but its tie-up with China Southern opens an important market.

Mr Amon said "start-up" investment in the new venture amounted to about \$5m, but he expected the company's activities to grow rapidly.

China Southern, which is one of China's leading regional airlines, will receive payment from the new enterprise on the basis of a percentage of flight hours.

Mr Amon is also chief executive of Sipa Holdings, the world's largest privately owned ink manufacturer. Sipa with Zim, a new China fund, recently acquired a controlling interest in Shanghai Printing Ink Factory, China's largest ink manufacturer.

Global Aviation, which has its main operational base in Singapore, flies Falcon jets for executive travel, and Lear jets primarily for medical evacuations.

Its aircraft are Swiss-registered and maintained and operated by Swiss-licensed personnel. Mr Mike Timpani, the company chief operating officer, said the strategic alliance with China Southern would facilitate access to most airports in China.

China said yesterday western competitors would have to wait until the end of the year to discover who would get to co-produce a 100-seat aircraft, a coveted prize in one of the world's most lucrative markets, Reuter reports from Beijing.

Competing for the co-production deal are Boeing McDonnell Douglas, Daimler-Benz, and a consortium of Aerospaciale, British Aerospace, and Alenia, a unit of Finmeccanica of Italy. Samsung Aerospace Industries of South Korea has already been selected to take part in the project. The proposed aircraft would carry 100-120 passengers, have a range of 2,000km, and cost about \$20m (£1.2bn) to develop.

Argentine gas hope for Amoco

By David Pilling in Buenos Aires

Amoco of the US will step up activities in Argentina, where it intends to spend an initial \$100m on gaining a foothold in the potentially huge gas industry, according to Mr Robert Sheppard, president of Amoco Argentina Oil Company.

Amoco, whose interests in Argentina have been almost exclusively in oil production, wants to enter the gas business through acquisitions and by developing green field projects.

Mr Sheppard predicted opportunities in transporting gas from Argentina to other countries, particularly Brazil. Argentina has several under-explored basins which analysts believe may contain enormous gas reserves.

The southern cone of Latin America, which also includes Chile and Bolivia, was an "attractive region in Amoco's global gas strategy," Mr Sheppard said. The company was considering taking part in the privatisation of YPF, the Bolivian oil and gas group, and might become involved in a project to build a gas pipeline between Bolivia and São Paulo in Brazil.

The company this week signed an agreement with Agrum, a Canadian consortium, to study the feasibility of building a fertiliser plant in the Patagonian province of Neuquén. The plant, which would cost about \$400m, would be supplied by the El Mangrullo gas field and would produce 600,000 tonnes of urea and 50,000 tonnes of ammonia a year from 1999.

Mr Sheppard conceded that Amoco, which did not participate in the privatisation of Argentina's oil and gas business in the early 1990s, "missed out on some opportunities". The company had taken some time to realise that liberalisation of the industry "was for real".

WORLD TRADE NEWS DIGEST

Marks and Spencer dips toe into China

Marks and Spencer, Britain's most profitable retailer, yesterday opened an office in Shanghai as the first step in a possible move into retailing in China. The clothing and food group has opened the office to carry out detailed studies of the Chinese market, where it sees considerable potential for expansion. Ms Tracey Nelson, marketing manager for Asia, said M&S would not rush into China but, if it did expand there, "it would not take long to get to a 50-store business".

The opening came only a day after M&S said it was looking for franchise partners in South Korea, following the success of its other stores in east Asia. It has company-owned stores in Hong Kong and franchised outlets in Singapore, the Philippines, Indonesia, Thailand and Malaysia.

Marks and Spencer already sources about £100m (\$155m) of goods a year from mainland China, although much of this is through its suppliers, such as Courtauld Textiles, which have Chinese operations.

Neil Buckley, London

Boeing hopes to have super-jumbo flying by 2000

Boeing of the US has told British Airways it hopes to have a "super jumbo" jet flying by the end of the century. Mr Frank Shrontz, Boeing chairman, has written to Sir Colin Marshall, BA chairman, saying he regards the development of an enlarged version of the 747 aircraft as a priority. The enlarged aircraft would carry 600 passengers or more.

A joint study between Boeing and four European manufacturers - Aerospaciale of France, Daimler-Benz Aerospace of Germany, British Aerospace and Casa of Spain - concluded earlier this year that there was not a big enough market to justify the building of a Very Large Commercial Transport (VLCT) aircraft.

Since the study, Boeing and Airbus Industrie, the manufacturer owned by the four European companies, have been examining the production of enlarged versions of existing aircraft. Michael Skapinker, Aerospace Correspondent

Cable and Wireless and the St Lucian government are to establish a joint venture telecommunications company, similar to other Cable and Wireless ventures in neighbouring islands. The British company will have a 90 per cent stake, with the government holding 25 per cent and the remainder sold to local institutional and individual investors. The value of the shareholding was not disclosed.

C&W has provided the government with information for preliminary discussions on the joint venture company, a government official said.

Camille James, Kingston

Emery Worldwide has won a five-year contract extension to deliver parts and major power train components and sub-assemblies for Volvo GM Heavy Truck plants in Ohio and Virginia. The agreement with Volvo GM covers next day and second day delivery from 1,100 North American suppliers to the two truck plants.

Reuter, Redwood City

Correction

Forfeiting rates in yesterday's FT Exporter were incorrectly attributed to Indosuez Aval Ltd. They were in fact provided by Standard Bank London Ltd.

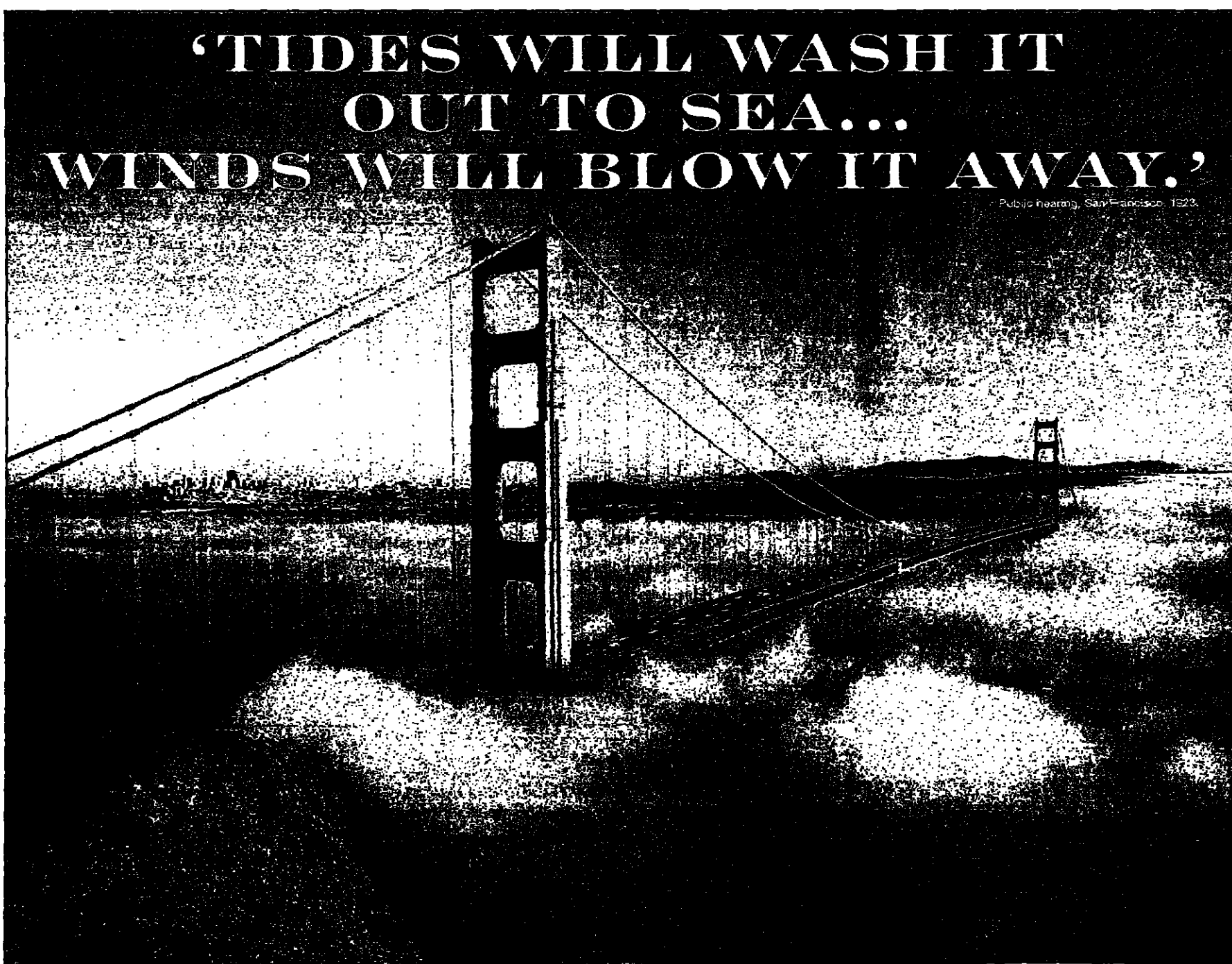
OBSERVING THE BREATHTAKING BEAUTY OF THE BRIDGE ACROSS SAN FRANCISCO HARBOUR TODAY, IT'S HARD TO IMAGINE THE FEAR AND LOATHING CAUSED BY PROPOSALS FOR ITS CONSTRUCTION.

THE SIMPLE REASON WAS THAT, BECAUSE NOTHING QUITE LIKE IT HAD EVER BEEN ATTEMPTED BEFORE, IT WAS FAR BEYOND PEOPLE'S IMAGINATION.

PROPOSALS IN THE LATE 60S FOR AN AERONAUTICAL VENTURE SPANNING GERMANY, FRANCE, THE UK AND SPAIN MET A SIMILAR REACTION. YET, ONLY 25 YEARS LATER, IT'S NOW POSSIBLE TO STAND BACK AND MARVEL AT THE EXCEPTIONAL PROGRESS AND ACHIEVEMENTS OF AIRBUS INDUSTRIE.

THE COMPANY WHICH STARTED FROM NOTHING NOW SUPPLIES 80% OF THE WORLD'S LEADING

AIRLINES WITH A FAMILY OF STATE-OF-THE-ART CIVIL AIRLINERS. THIS INCLUDES THE FOUR ENGINED A340 WITH THE LONGEST RANGE OF ANY PASSENGER AIRCRAFT. MOST SIGNIFICANT OF ALL, THE UNPRECEDENTED COMMERCIAL CO-OPERATION BETWEEN



THE FOUR EUROPEAN PARTNERS HAS BECOME A MODEL FOR ALL SIMILAR VENTURES. WHICH GOES TO PROVE WHAT EXTRAORDINARY THINGS CAN BE ACHIEVED WHEN YOU BUILD BRIDGES THAT STAND THE TEST OF TIME.

AIRBUS INDUSTRIE
SETTING THE STANDARDS

AMA agrees to Republican health plans

By Jurek Martin in Washington

The American Medical Association, the most influential US healthcare lobby, has dropped earlier reservations and come out in support of Republican plans to reform Medicare, the health programme for the aged.

It did so after winning significant but unspecified changes in the draft legislation affecting Medicare payments to doctors and hospitals. The bill had earmarked more than \$26bn in savings through stricter limits on fees for medical services, prompting the AMA to warn last week that many doctors might refuse to take on Medicare patients.

It was not immediately clear where and how the Republicans would make compensating savings to achieve the stated goal of lowering Medicare costs by \$37bn over the next seven years.

But the AMA decision, announced after a Tuesday night session in Congressman Newt Gingrich's offices, represents a considerable tactical victory for the House Speaker.

The withdrawal of full AMA approval had been instrumental in the rejection of President Bill Clinton's comprehensive healthcare plan last year.

The ways and means committee was last night moving towards approving a Medicare bill, with a full vote in the House likely next week. After frequently acerbic partisan exchanges, the Republican majority has consistently voted

down Democratic attempts to dilute some of its more radical reforms.

The equally heated war of words between Republican leaders and the White House over the whole budget package, including \$245bn of tax cuts, escalated yesterday. Mr Mike McCurry, the president's press spokesman, accused the Republicans of breaking off informal negotiations over the budget bill.

He was responding to charges from the Speaker and Senator Bob Dole, the majority leader, Mr Gingrich, saying the White House "doesn't get it" repeated he was serious about challenging the president to accept the Republican legislation by the middle of next month or exercise his veto and accept the consequences of the government shutting down and defaulting on its debt payments.

Mr Dole thought the Senate finance committee, which met informally yesterday, would come up with the promised \$245bn in tax cuts which Mr Clinton says are being financed by the savings on Medicare and Medicaid, the health programme for the poor.

The committee, however, is considering variations on the basic package. Republican tensions are such that Mr Gingrich and Mr Dole have agreed that senior party leaders in Congress should now meet daily on the budget to ensure, according to the Speaker's spokesman, "no daylight" between the House and Senate.

Colombian cocaine: down but not out

Stephen Fidler and Sally Bowen on how the crippling of the Cali cartel has led to new trafficking patterns

The crippling of Colombia's Cali drug cartel - held responsible by the US for a majority of the world's cocaine trade - has led to a dramatic shift in drug trafficking patterns.

The change follows the capture by the Colombian government this year of six out of seven top leaders of the Cali drugs cartel and the destruction of many of their business operations.

While it is still too soon to declare the changes in trafficking patterns permanent, the severe blow to the cartel appears to have starved the cocaine production industry of cash.

As a result, there has been a collapse in the price of cocaine and its base products - coca leaf and coca paste - in the Andean countries where production is concentrated, Peru, Colombia and Bolivia.

Coca leaf prices in principal growing areas such as Peru's Hualaga and Apurimac valleys have plunged to unprecedented lows in the past six months. An arroba (11.5kg) which fetched \$70 at the start of the year now goes for \$4 - that is, if the grower can find a buyer.

Meanwhile, US administration officials say street cocaine prices in some US cities have increased in recent months. Though this would be consistent with smaller quantities of the drug reaching the US market, they accept the evidence is far from conclusive.

Mr Lee Brown, the US drugs tsar, said last week the virtual dismantling of the Cali cartel had reduced Andean drugs flights by almost two-thirds in the first half of 1995.

Mr Brown said illegal air traffic had moved into the vast



Cali cartel busted: Rodriguez Orejuela (top left) and 'Scorpion' Loaiza, two of seven leaders arrested

and largely uncontrolled airspace of western Brazil. Peruvian traffickers, meanwhile, were also opening up new shipping routes to export cocaine through Pacific seaports or via the Amazon and Orinoco rivers to the Atlantic.

Gen José Rosso Serrano, Colombia's chief of police, said that fewer big airlifts of cocaine had been leaving Colombia. Instead, less well financed traffickers are attempting to smuggle cocaine out of the country in smaller lots using "mules". These are individuals carrying small

drug packages in or about their bodies over Colombia's land borders or on aircraft. On a single recent flight to Martinique in the Caribbean, for example, officials found 27 mules carrying a total of 190kg of cocaine.

Another dramatic indication of changing smuggling patterns is the mid-September capture of a Bolivian aircraft, piloted by a Bolivian air force officer, and its cargo of over four tonnes of cocaine, at Lima's international airport.

The aircraft, en route for Mexico, confirmed what had

been widely suspected: that traditional coca-leaf producers in Bolivia have moved heavily downstream into processing, and new transport routes are opening up to skirt Colombia.

The size of the Bolivian cocaine shipment seized in Lima shocked even the experts. It being widely believed that Bolivia was still primarily a producer of leaf and basic paste. But it shows farmers and middlemen alike in the country are attempting to compensate for dwindling income by processing the refined product and thereby

adding value. Recent arrests associated with the haul have also implicated a variety of Bolivian civil servants, military, police and public institutions in the illegal drugs trade.

In July, the US Navy seized its largest ever illegal drugs haul, aboard a Panamanian fishing boat 780 miles west of Peru. On board were more than 12 tonnes of cocaine in 475 sacks hidden in waste oil tanks, with a street value estimated by the US authorities at more than \$143m.

Mr Gabriel de Vega, director of Colombia's National Narcotics Office, says if his government continues its campaign against the drugs business, on which it now spends more than \$1bn a year, "we can displace a large part of the drugs phenomenon in two to three years."

This would suggest the emergence of other drug production and trafficking centres to compete with Colombia. Brazil, with its large landmass, chaotic government, corrupt law enforcement and large potential domestic market - is often cited by Colombian officials as being ripe for exploitation by drug traffickers. In the meantime, the importance of the Mexican trafficking cartels is also predicted to increase.

There have been other apparent effects of the crippling of the Cali cartel - ironically by a government whose president, Mr Ernesto Samper, is accused of using the cartel's money in his 1991 election campaign. Gen Rosso Serrano says there has been a sharp drop in Colombian cultivation of poppies - the base product for heroin and opium. He cites US Defence Department figures showing some 6,540 hectares of poppies under cultivation,

against 30,000 hectares two years ago, suggesting Cali finance also as an important factor in heroin production.

The dismantling of the Cali cartel has not been welcomed everywhere. The fall in coca prices has had a devastating impact on the impoverished farmers of Peru and Bolivia whose livelihoods depend on coca cultivation.

In the Hualaga valley, traditional heartland of Peru's drugs trade, fears centre on a possible resurgence of the Sendero Luminoso guerrilla group. Disaffected coca growers, with no economic alternatives, could once again be thrown into the arms of the weakened but still threatening guerrillas.

The Bolivian government, meanwhile, finds itself uncomfortably squeezed between US demands for deep reductions in the area under coca cultivation, and ever-militant growers who are moving swiftly into virgin lands to plant afresh.

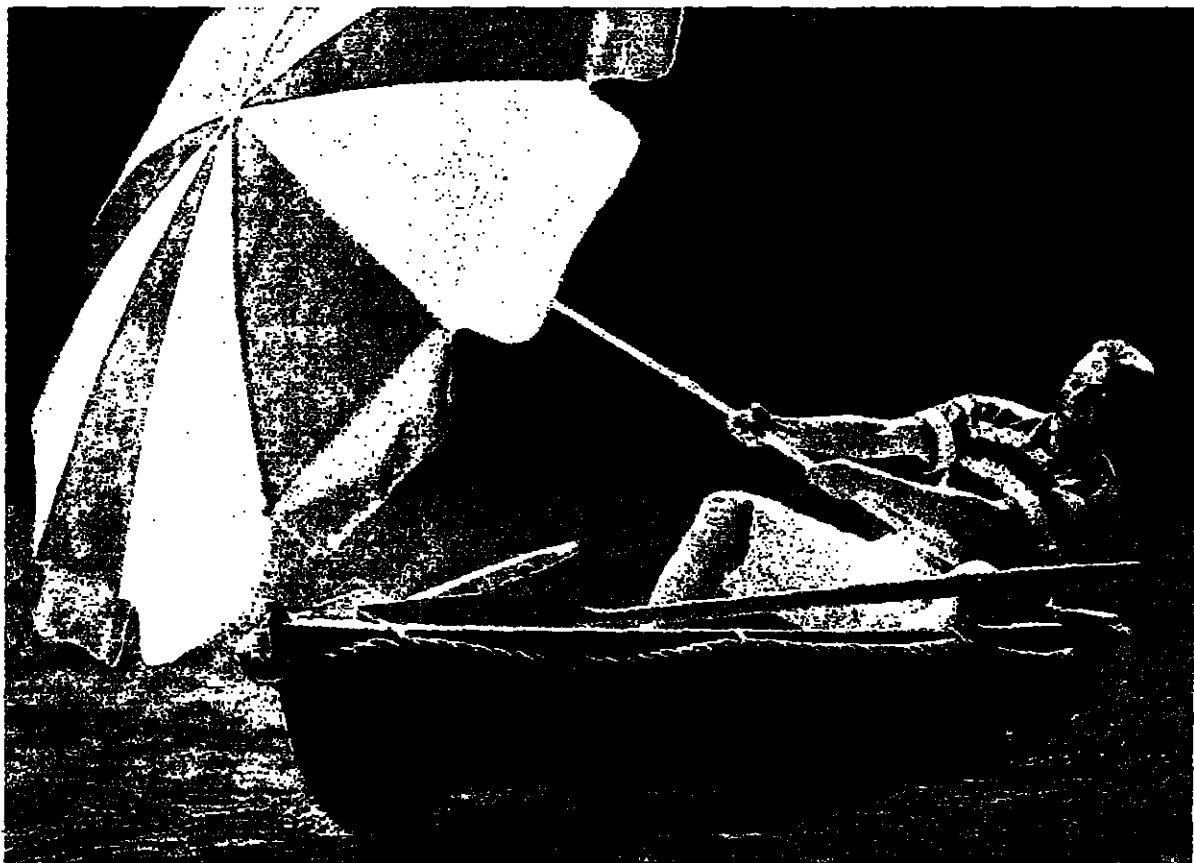
Both the Peruvian and Bolivian governments often criticise inadequate international support in combating drug trafficking at local level. Traditionally, the bulk of US assistance has financed interdiction and crop eradication.

That bias may, however, be changing. The US Agency for International Development recently announced a package worth \$44m over five years to help Peruvian coca growers find alternative sources of income.

Mr Merritt Broady, head of USAID's alternative development programmes in Peru, says the price slump could prove a "window of opportunity", encouraging coca growers to move into legitimate activities.

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Russian group visits Cuba to restore links

By Pascal Fletcher in Havana

Russia and Cuba, whose relations waned after the break-up of the Soviet Union, are now seeking to restore some of the long-term commercial and co-operation links they shared during the cold war era.

The biggest Russian government delegation to visit Cuba since the birth of the Russian Federation four years ago flew into Havana on Tuesday for a week of talks aimed at revitalising bilateral ties, including relations between the armed forces.

The 40-member official delegation was headed by Mr Oleg Soskovets, Russia's first deputy prime minister. He was accompanied by senior government officials responsible for foreign trade, nuclear energy, oil industry, agriculture and food processing. About 30 Russian businessmen, including bankers and sugar traders, were also on the trip.

Russia's Interfax news agency said the talks would end with the signing of a bilateral trade and payments protocol for 1996-98, which would cover reciprocal Cuban sugar and Russian oil deliveries for this period.

Cuban state media said Russian co-operation in Cuba's nickel industry would also be discussed.

The two sides were also expected to review military co-operation and the Russian delegation was scheduled to visit a Russian-operated electronic intelligence and communications facility at Lourdes,

outside Havana.

The Lourdes centre is a legacy of the cold war that Russia has chosen to maintain, much to the annoyance of the US government, which has been pressing Moscow to limit its co-operation with Cuba.

Cuba's large stock of Soviet military hardware and its previously Soviet-supplied industry, agriculture and transport sectors are all desperately in need of spare parts, and the possibility of new supplies from Russia was expected to figure highly in the talks.

Cuba supplied raw sugar, nickel and citrus to the former Soviet Union, receiving oil, arms, spares and food in return, before the disintegration of the Soviet state disrupted the arms flow and the preferential economic relationship and plunged the island into recession. However, the two sides have maintained annual sugar-for-oil trade deals.

The Russian delegation was also expected to tour the unfinished Soviet-designed nuclear power plant at Juraguá, near Cienfuegos, whose construction was halted in 1992. Russia is willing to help finish the plant, but Cuba wants western companies to contribute technology and also needs financing to cover the estimated \$300m of completion.

The two countries have failed to agree on how to evaluate Cuba's outstanding debt to Russia, estimated by the Russian side to total more than \$125bn.

EU slams US efforts to tighten embargo

The European Union yesterday denounced efforts in the US Congress to punish countries that do business with the government of President Fidel Castro and proposed boosting EU-Cuban economic ties instead. AP reports from Brussels.

The EU said in a statement that it viewed pending congressional legislation to tighten the American embargo against Cuba "in a negative light" and charged that, if passed, it would violate international trade rules.

"The European Union would like Cuba to have a peaceful transition to democracy and respect for human rights," said the statement, which was issued by the Spanish government, holder of the EU's rotating presidency.

Legislation passed by the House of Representatives on September 21 would tighten the 33-year-old US embargo against Cuba and withhold aid from nations that trade with the island.

It would also deny entry into the US to anyone who traffics in US property confiscated by Cuban authorities.

The EU said the measures aimed at influencing the trade policies of other nations violated international agreements, including accords enforced by the Geneva-based World Trade Organisation.

The Clinton administration, which has taken steps recently to ease tensions with Cuba, has threatened to veto the bill.

The EU issued its statement as it embarked on a new policy of co-operation with the long-isolated Caribbean nation.

Zedillo sees way out of Mexican emigration trap

Mexicans will be given a chance to follow the path of education and employment rather than the path to the US border, Mexico's President Ernesto Zedillo promised yesterday. AP reports from Washington.

Mr Zedillo told the US Chamber of Commerce that building up Mexico's economy was the best way to end illegal immigration. He also predicted a "new era of justice and respect for the law in Mexico" and declared that both the US and Mexico were benefiting from the North American Free Trade Agreement.

"We must and we will give Mexicans a genuine possibility to improve their lives by following the paths of education and employment, not paths north toward the border," he said, addressing an issue of

great concern to Americans and very sensitive in Mexico.

In a rebuke aimed at discriminatory practices against immigrants in the US, Mr Zedillo said "basic human rights of people must be respected on both sides of the border - whether they are citizens, residents or immigrants."

On his first state visit to the US, Mr Zedillo met President Bill Clinton on Tuesday and was feted at a White House state dinner.

He said Mexico was buying nearly four times more US products than a decade ago, with a big increase since Nafta took effect on January 1 1994.

"Nafta works. The free market works - and the proof of that has been forged in the fierce fires of a serious economic crisis," Mr Zedillo said. "Jobs, income and profits stay

in North America. Both the US and Mexico win."

● Hurricane Roxanne hit Mexico's Caribbean resort island of Cozumel with 110mph winds yesterday then gradually lost strength as it plowed into the tropical lowlands of the Yucatan Peninsula. AP reports from Cancun.

But forecasters warned that the storm was expected to regain some of its punch later when it emerged on the west side of the peninsula and moved over the warm waters of the Gulf of Mexico.

"All interests in the southern and western Gulf of Mexico should monitor the progress of this hurricane," said the US National Hurricane Centre in Miami. A hurricane warning was issued yesterday for a large stretch of the Mexican Gulf coast.

مكتبة الشرح

Optimism over movement on Irish weapons

By John Kampfer in Blackpool and John Murray Brown in Dublin

An international commission on paramilitary weapons in Northern Ireland could be in place before the visit of President Bill Clinton at the end of next month.

UK officials are increasingly confident that behind-the-scenes discussions involving the Clinton administration, the London and Dublin governments and Sinn Féin are steadily overcoming the difficulties that led to the postponement of an Anglo-Irish summit a month ago. They were particularly encouraged

by a statement on Monday from Mr Gerry Adams, president of Sinn Féin, the IRA's political wing, in which he said his party would not use threats to try to get its way in all-party negotiations.

Although British ministers publicly said those remarks did not go far enough, officials acknowledge that he is close to meeting two of the three requirements for talks - acknowledgement of the principle of decommissioning IRA arms and of the technical requirements.

Mr John Bruton, the Irish prime minister, told his parliament yesterday Mr Adams' comments represented

"a new and important commitment" to the peace process.

In his speech to the Conservative conference today, Sir Patrick Mayhew, Northern Ireland secretary, will reaffirm the three "Washington principles" including the government's insistence on a formal handover of weaponry ahead of all-party talks. Sinn Féin has consistently denounced these conditions. But Sir Patrick will be keen not to give any indication of slippage to a Tory audience extremely wary of any concessions.

The sub-text, however, is considerably more subtle. In a flurry of meetings in recent weeks officials report

cautious progress. Much of the impetus has come from the US government which is determined to ensure that a new level of political dialogue is in the wings at the time of Mr Clinton's visits to London, Belfast and Dublin.

"Things are happening, and fast," one official said. "But such are the sensitivities we are all treading extremely carefully." Leaders of Northern Ireland's main political parties, including the Ulster Unionists, have been in regular telephone contact with the US administration since a visit to Belfast two weeks ago by Ms Nancy Soderberg, Mr Clinton's special adviser on Northern Ireland.

The Americans are impressing on Mr Adams the need to agree to the establishment of the decommissioning group before the Clinton visit, linked to the announcement of a date for higher-grade political talks.

These, in effect, are already taking place. Earlier this week, Mr Michael Ancram, Northern Ireland's political development minister, met Mr Martin McGuinness, Sinn Féin's chief negotiator. Much will depend on Mr David Trimble, the Ulster Unionist leader, who is due in Washington at the end of the month for high-level talks for talks demonstrating a new-found flexibility on the part of unionists.

UK NEWS DIGEST

Ocean disposal of Brent Spar still an option

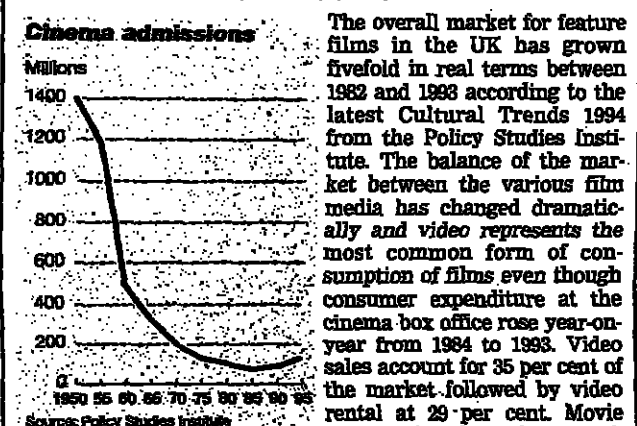
Deep sea disposal or reuse of the Brent Spar oil installation remain among the options open to Shell, its owner. The oil company yesterday launched a public consultation to find an acceptable way of disposing of the controversial North Sea oil storage buoy. Brent Spar has been moored in a Norwegian fjord since Shell aborted attempts to sink it in the North Atlantic in June.

Mr Haim Rothermund, the managing director of Shell UK Exploration and Production, yesterday refused to rule out any options, saying it would be wrong to speculate about the most likely disposal means ahead of the consultation. "We want an honest dialogue," he said, stressing that Shell would listen to all genuinely interested parties.

It has already had contacts with Greenpeace, the environmental group which led last summer's successful campaign to halt the sinking. The consultation will begin with an announcement in the EU's official journal soliciting proposals. Mr Rothermund said the choice would be made on the basis of the best practicable environmental option (BPEO) which would balance considerations of environment, public opinion and economics.

Since the public storm over the storage buoy, Shell has received 216 unsolicited proposals for its disposal. These range from offers of outright purchase to plans for using it as an offshore casino in the English Channel. *David Lascelles*

Credits roll for movies



lite and cable took 19 per cent with the cinema box office representing only 17 per cent of consumer spending on film. In 1993, the last full year for which figures are available, UK expenditure on film consumption totalled £1.8bn. In 1993 the average budget of a British film was £3.2m. In 1989 - at 1993 prices - the figure was £3.4m. *Raymond Snoddy*

Deficit forecasts raised

Economists' forecasts for the size of the UK current account deficit have been sharply raised in recent weeks, with the 1995 deficit now expected to be twice as large as last year.

A comparison of independent City and non-City forecasts, compiled by the Treasury, yesterday showed that economists revised their projections for the current account deficit up by almost £3bn (£4.74bn) last month.

The revisions cast fresh doubt on the strength of the UK trade position, as the country comes near the end of the third year of economic recovery. For although rising exports and flat levels of imports have fuelled hopes that the UK could be returning to a current account surplus soon, the picture has deteriorated significantly in recent months.

Forecasters predict, on average, the UK will have a current account deficit of about £4.3bn this year, falling to £3.7bn next year. This 1995 level is sharply higher than the £1.6bn that was the average deficit forecast in September. *Gillian Tett*

Engineering salaries show rise

Salaries of professional engineers and technicians in the UK have risen substantially in real terms over the past three years, according to a survey published yesterday by the Engineering Council. Chartered engineers' average pay has risen 12.2 per cent since 1992, to £35,654, compared with an 8 per cent rise for the retail price index. Real incomes have also increased, although less sharply, for incorporated engineers and engineering technicians. *Andrew Barber*

Scottish footballer jailed

Scotland and Everton striker Duncan Ferguson last night became the first British international player to be jailed for assaulting a fellow professional on the field of play, when he began a three-month jail term after losing an appeal.

Three judges in Edinburgh ruled his three-month sentence for head-butting John McStay was not excessive. The sentence was imposed in Glasgow in May after the clash in April last year with McStay during a game between Ferguson's then club Rangers and Raith Rovers. *PA News*

Disputes code for construction

By Andrew Taylor, Construction Correspondent

A code of conduct aimed at reducing conflict and unfair practices which cost the construction industry and its customers hundreds of millions of pounds a year will be adopted today by some of Britain's largest public and private sector organisations. Most of the biggest UK contractors have agreed to abide by the new code which seeks to improve contractual relationships between customers, construction groups, specialist sub-contractors and suppliers.

The code aims to minimise cost increases and disruptions

caused by design changes introduced after work has started and to shorten payment periods to ease cash flow pressures on sub-contractors. Customers which have signed the Commitment to Fair Construction Contracts include the Highways Agency, Railtrack, PowerGen, London Underground, Thames Water, BA, Marks & Spencer, Glaxo Wellcome, Mobil Oil, McDonald's and Forte.

Construction groups which have agreed to abide by it include Wimpey, Tarmac, Balfour Beatty, John Laing, Taylor Woodrow, Amec, Alfred McAlpine, John Mowlem and the Miller Group.

The initiative is being launched by the Construction Round Table, composed of leading construction customers which expect to spend £3bn a year on projects over the next five years. It calls for easy-to-understand contracts which would clearly define the duties of all involved in a project and establish procedures to allow independent resolution of disputes avoiding costly litigation.

The recommendations are in line with proposals made last year in a review of construction practices by Sir Michael Latham, the former Conservative MP and ex-director of the Housebuilders' Federation.

This review, sponsored by industry and government, recommended improvements in contracts and disputes procedures to reduce construction costs by 30 per cent by 2000.

There has been concern that the Latham proposals, which call for legislation, may have become bogged down by industry infighting.

The new initiative comes as a study by Dal-Sterling, the international dispute resolution consultants, revealed that about a quarter of the 50 largest UK contractors earn between 10 and 15 per cent of annual turnover from contract claims against customers and suppliers.

Tories seek revival amid conference flag-waving

By Robert Peston, Political Editor

Mr Michael Heseltine yesterday hailed this week's Tory conference as a "turning point" in the party's fortunes akin to the second world war battle of Alamein, only hours before the leadership suffered the unusual embarrassment of losing a conference vote.

With a character mix of Labour party bashing and Tory flagwaving, the deputy prime minister won the biggest ovation of the week for a speech on the opposition's threat to the UK as the "enterprise capital of Europe".

Mr Heseltine hopes this will emerge as the Tory party's main general election campaign theme, underpinning a raft of policy proposals. One important decision, which is unlikely to be announced this

week, is that the Treasury has decided against aping Labour and will not levy a windfall tax on the utility companies in November's budget. But Mr Kenneth Clarke, the chancellor, is expected to reiterate today that the substantial tax cuts he wants to make will only come if public expenditure is reined in.

Other announcements over the next couple of days are likely to focus on the traditional Tory theme of law and order. A tougher sentencing policy and the extension of the mandate of the domestic security service, M15, to include co-operating with the police in attacking organised crime are both expected to be unveiled.

Although the government has designed a series of populist policies aimed at their traditional supporters, conference delegates yesterday took the

rare step of voting against the leadership, when it backed a proposal for the abolition of the cap on the council tax. The Treasury has recently blocked proposals for the ceiling to be lifted, because of the implications for public spending.

Activists want the cap abolished, because they hope such a move would encourage Labour-controlled councils to spend recklessly, undermining the opposition's attempt to portray itself as committed to tough economic management.

Tory conferences are normally so effectively managed that votes almost never go against the leadership. The conference has little effect on government policy, but it is an embarrassment in the wake of last week's Labour conference, when its leadership lost no floor votes for the first time in living memory.

BR freight subsidiary set to go on sale for third time

By Charles Batchelor and Kevin Brown

Freightliner, British Rail's loss-making freight subsidiary, is to be offered for sale for a third time in December with the promise of a five-year subsidy to make it more attractive to buyers.

The package will include a five-year track access agreement with Railtrack, which means that bidders will know the extent of their largest single outgoing, the cost of renting "slots" on the railway network.

The government, meanwhile, confirmed yesterday that Railtrack is to be sold by means of a stock market flotation next spring. Sir George Young, transport secretary, told the Conservative party conference in Blackpool that at least 51 per cent of the company would be offered to investors. City analysts expect it to be valued at about £2bn (£3.2bn).

The suggestion that 49 per cent of Railtrack might remain in public hands surprised Labour, which would be able to honour Mr Tony Blair's promise to restore a publicly owned railway by repurchasing just over 1 per cent of the total shares. But Sir George said ministers had not ruled out selling 100 per cent.

Bidders for Freightliner will have until the beginning of February to put in offers for the company, which moves containers between ports and inland rail terminals. It made a loss of £35m on turnover of £78m in 1993-94.

Freightliner was to have been the first significant part of BR's freight operations to be sold off but it failed to attract acceptable bids. In January, it was taken off the market to allow its present management to restructure the business and reduce losses.

But it was unclear whether the subsidy, in the form of a track access grant, would be sufficient to attract acceptable bids.

The government has allocated only £14m a year to pay track access grants. Last year it paid out only £2m in grants.

EU commissioner warns against 'Euro-bashing'

By Lionel Barber in Brussels

Sir Leon Brittan, EU trade commissioner, will today warn Britain's Conservative party that it will lose the next general election if it insists on fighting on a neo-nationalist, anti-European platform.

In a bid to stem the tide of anti-Brussels sentiment at the conservative party conference, Sir Leon will argue that Britain will surrender all influence in Europe if "Euro-bashing" turns into a national sport.

His speech in Blackpool is a riposte to Mr Michael Portillo, the UK defence secretary, who raised the bogey of a pan-European army marching with "harmonised cap badges", limits on the fighting week, and half the soldiers on home and maternity leave.

An aide said Sir Leon was "appalled" by Mr Portillo's conference speech on Tuesday, and the rapturous reaction from Tory delegates. The European Commission, usually at pains to stay out of national political debates, also responded in unusually strong terms.

The European Commission said Mr Jacques Santer, Commission president, considered Mr Portillo's speech "gro-

tesque" and a wilful distortion of the facts. "It's tilting at windmills," said a spokesman. Mr Santer was said to be disappointed by the mood in Blackpool. In his first eight months in office, he has tried to build bridges with moderates in Britain, and end the mutual suspicion and hostility often generated by his predecessor Mr Jacques Delors.

Sir Leon, who served in the British cabinet as home secretary and trade secretary in the 1980s before becoming an EU commissioner in 1989, is equally uneasy about the stampede to the anti-European right among his one-time colleagues.

He is expected to argue strongly that Britain is winning rather than losing the debate over the future of integration in Europe. As a result of British-led pressure, Brussels is legislating less, and EU social policy is shifting toward more toward deregulation, getting people back to work, and encouraging private business.

Sir Leon is also expected to offer a mild rebuke to Mr Malcolm Rifkind, Britain's new foreign secretary, who recently tilted toward the Euro-sceptics by arguing that the pursuit of British interests in Europe was more important than seeking influence.

Medical research institute set for London base

Daniel Green and Clive Cookson on a shift in drug discovery work

An ambitious new type of medical research institute, designed to bring an industrial discipline to academic drug discovery, is to be set up at University College London.

The Institute for Strategic Medical Research could eventually grow to be the biggest medicines research group outside the drugs industry. It will eventually house up to 300 scientists in the Victorian "Cruciform Building" on Gower Street, vacated two years ago by University College Hospital.

The Cruciform Project has already attracted grants of £14.5m (£22.9m) from the government's Higher Education Funding Council and £11.5m

from the charitable Wellcome Trust to refurbish and equip the red brick building.

And Glaxo Wellcome, the UK drugs company, will contribute £10m to support one specific research project.

Professor Salvador Moncada, who was research director of Wellcome until the company's take-over by Glaxo this spring, is directing the project.

His decision to leave Glaxo Wellcome deprives the company - the world's biggest drugs group - of one of its most respected scientists. He will take with him several former colleagues from the Well-

come Research Laboratories in Beckenham, Kent, closed as a result of the merger.

The establishment of the institute limits the damage done by Beckenham's closure to south-east England's status as perhaps the greatest concentration of medicines research in the world. The institute will also absorb research teams from St George's Hospital and King's College medical schools. About 40 scientists will begin work early next year in temporary laboratories in the nearby Rayne Institute while the Cruciform building is being renovated.

Prof Moncada says the idea is to carry out drug discovery in a university environment, insulated from the pressure to produce short-term results that is increasingly characteristic of pharmaceutical companies while maintaining industry's "goal-oriented" approach.

He said that this plan, though conceived more than a year ago, fitted with the government's "Technology Foresight" scheme to influence academic research towards goals identified as 'potentially fruitful'.

The institute will have scientific teams in medicinal chem-

istry and clinical research, as well as cell and molecular biology, just like a drug company.

"In the future, the industry will do less and less basic research itself and depend more on outside units like ours to discover new drugs," says Prof Moncada. "Companies will then concentrate on developing very quickly the drugs they take in."

The institute will focus first on discovering new drugs for cardiovascular disease - and particularly on preventing fatty deposits building up in blood vessels - and for degenerative brain diseases, such as

Alzheimer's. Prof Moncada's own project, funded by Glaxo Wellcome, concentrates on a small molecule called nitric oxide which has recently been found to play an important part in many diseases.

Sir Derek Roberts, provost of University College London, says the new institute "will firmly establish UCL as the leading centre of basic medical and clinical research in Europe." Two drug companies, Sandoz of Switzerland and Sial of Japan, already fund research centres there.

UCL is looking for another £12m to finish refurbishments and £40m to £50m more to expand research over the next seven years, Sir Derek says.

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TECHNOLOGY

Vitamin A link to birth defects

Pregnant women consuming high levels of vitamin A run a greater risk of having a child with birth defects, according to a study published this week in the *New England Journal of Medicine*. The study, authored by Kenneth Rothman of the Boston University Medical Centre, casts a shadow on pre-natal vitamin supplements, which have been commonly prescribed to pregnant women in recent years.

"Most of the problem with high vitamin A intake came through vitamin supplements," said Rothman. The babies of women taking high levels of vitamin A had a greater chance of suffering defects of the neural tube, which forms the spinal cord and brain.

A link between high doses of vitamin A and birth defects has already been established. However, previous research had implicated only extremely high dosages - five or more times recommended daily allowances. The new study implicated relatively low amounts of vitamin A - just 200 per cent of daily recommended allowances.

Vitamin A is found naturally in meat and dairy products, especially in liver, though rarely in concentrations large enough to cause problems. Rothman cautioned that one primary food source for vitamin A, however, is fortified cereals. "Certain cereals can contain dangerously high levels," says Rothman. As a result of the study, the Food & Drug Administration issued a warning to pregnant women to avoid cereals and vitamin supplements with vitamin A, and to limit intake of the vitamin to 100 per cent of recommended daily allowances.

The study did not implicate beta-carotene, a nutrient found in plants and vegetables. The FDA cautioned women not to eliminate vitamin A intake altogether, noting that too little could place the unborn child at as great a risk as too much.

Victoria Griffith

What has Dow got that has attracted rival DuPont into a \$1bn (£600m) joint venture in which DuPont is providing nearly all the sales? The same thing that this week saw DSM of the Netherlands announce it was turning over an entire plant to an Exxon product on which it will get only half the profits.

The answer is metallocene chemistry, an innovation that is expected to transform plastics. The technology makes plastics 500 times more efficiently, on existing machinery, in forms that have never been seen before. Already, the race has begun to get to the market.

The breakthrough has nothing to do with the raw materials used to make plastic; it is the structure of the catalyst that converts oil molecules to plastic that is causing the stir.

With conventional plastic, a catalyst works by breaking bonds inside the oil molecules. These then link into long chains to form plastic. However, the catalysts used so far have been fairly primitive tools.

For polyethylene, which is the world's most widely used plastic, they have changed only marginally since the 1950s, when something called the Ziegler-Natta catalyst was invented.

The problem with the conventional structure is that it produces uneven plastics. Tiny granules of mixed titanium and magnesium chloride (typical raw materials that are mixed with oil to make plastics) are always slightly different. Some will have more titanium at the surface. Elsewhere, the titanium will be buried.

A microscopic slice of such plastics would show long chains and short chains, spread randomly, or side chains branching off at irregular intervals. The metallocene technology, however, produces more regular structures, which means the plastics are more even, easier to process, adaptable and more flexible.

The industry is promising great things from the metallocene catalysts, developed by Dow, Exxon and BP (and claimed by others). Dow, which last year won the US invention of the year award for some of its metallocene work, estimates the new technology will be earning it more than \$1bn a year within five years, and a further \$1bn in new sales in the joint venture with DuPont, in which Dow's metallocene technology is combined with DuPont's synthetic rubbers business.

The secret lies in a molecular structure which fixes an unusual ring of five, rather than the usual six, carbon atoms next to a titanium atom. This structure puts the

Jenny Luesby reports on a plastics breakthrough which chemicals companies are rushing to get in on

Catalysts to catch



Dow's inside catalyst has a ring of five carbon atoms next to a titanium atom. Nitrogen and silicon atoms hold the molecular structure in place

molecule under stress as the carbon atoms try to adjust to their usual positions. The titanium then sparks off the reaction between oil molecules that produces long, even chains. The technology significantly increases the processing and performance options of the new polymers, according to Dow.

Exxon's catalysts are similar, although it favours a combination of two five-sided carbon rings rather than a single ring and a nitrogen atom. Other metallocenes incorporate zirconium instead of titanium.

In both cases, the result is uniform particles of a highly active catalyst, although exactly how they

work is a mystery. "This is black art," says Malcolm Kaus of Exxon, "with scientists only speculating on how they work now they have invented them."

But their effect on plastics is phenomenal. They produce molecule chains of a much

more uniform length, and where a second type of chain is added, these branch off at regular intervals. This endows qualities in its own right, but the new catalysts also allow new ingredients to be added, offering enormous versatility.

"For the first time, we can really control the molecules inside these plastics," says Julien Damen of Dow.

The technology will affect many sectors, including packaging, automotive, wire and cable, and foam

Polyethylene, also known as polythene, can be made much stronger - meaning it can be processed more quickly - and transparent rather than just opaque.

New ingredients can add longer side-chains to the main polyethylene chain, making it so much more flexible that it is as close to rubber as to plastic. And the plastic can be made rigid or elastic, with levels of elasticity comparable to natural rubber, according to Dow.

It can even be made to be runny, or sticky, replacing traditional adhesives. Some of the new plastics will also have lower melting points. For Dow these possibilities have set it racing to produce substitutes for other plastics. Typical is a new polyethylene-covered, foam-filled, baby-changing mat that looks the same as the old PVC version but has no smell.

Other potential novelties include: artificial leather made from polyethylene; a swimmer's flipper where both the black rubber spade and the plastic shoe are made from different types of polyethylene, and thus bond perfectly; and cushioned polyethylene flooring that is tougher than the toughest PVC.

These markets will bring the quickest pay-backs, say Dow and Exxon, but both point to the potential for entirely new plastics - as different as polythene was from Bakelite. Dow believes the technology will affect many consumer and industrial sectors, including packaging, automotive, wire and cable, and foam.

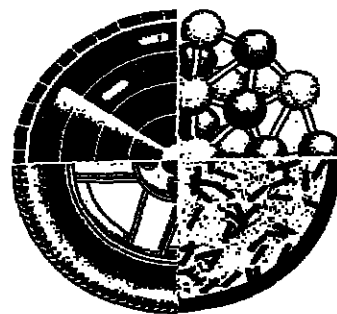
It is the scale of these possibilities that is now prompting the flush of alliances. Exxon has entered a research alliance with Hoechst and Matsui, and it has announced a 50-50 joint venture with DSM to manufacture and market the new polymers. Dow has set up with DuPont, an expert in the rubber, adhesives and coatings that have not been Dow's traditional strengths.

Their aim is to lock up as many metallocene plastics, processes and catalysts as possible, under patent. Exxon has already filed over 100, and Dow more than 30. And they will all run until at least 2010.

Thus, while British Petroleum says it is getting close to commercialising its metallocene catalyst, BASF, the German chemicals group, makes similar claims, and many others say they have produced metallocene plastics in their laboratories.

With Exxon, Dow and BP all intending to license their technologies, the outlook, say some observers, is a chemicals industry in which just three companies will control the technology and the rest will be licensed operators, perhaps before the century is out.

Worth Watching · Vanessa Houlder



Peptide raises hopes for pain killer

The discovery of a neuropeptide that heightens perception of pain has raised hopes for the development of a new type of powerful but non-addictive pain killer, according to a report in today's *Nature*.

The peptide of 17 amino acids was isolated by scientists at the Laboratoire de Pharmacologie et de Toxicologie Fondamentales in Toulouse. They found it was able to bind to a receptor called ORL1, which is similar to the receptor that binds to morphine.

When the peptide was injected into rats it increased their perception of pain; when the expression of the ORL1 receptor was blocked, pain was reduced. This raises the possibility that antagonists which block the receptor could prove powerful pain-relieving drugs.

Laboratoire de Pharmacologie et de Toxicologie Fondamentales, France, tel 61175981; fax 31175984.

Doppler used for sick babies monitor

The Doppler effect, by which the frequency of sound emitted from a moving object changes as it passes an observer, is being used in the development of a non-invasive ultrasonic sensor for monitoring the hearts of premature babies.

The sensor contains several concentric piezoelectric ceramic rings which emit and receive ultrasound waves up to 10,000 times per second. The sensors can monitor changes in ultrasonic frequencies as the red blood corpuscles pass the measuring point.

The Fraunhofer Institute for Biomedical Engineering believes the sensor, which can measure blood volume as well as speed, gives far more precise values than existing techniques.

Fraunhofer Institute for

Biomedical Engineering, Germany, tel 6394920205; fax 63 949 80400.

Simulation cuts car design lead times

An advanced computer simulation device that allows car makers to design manufacturing tools at an early stage of the process has been formulated by Ove Arup, UK design consultants, Cray Research, the supercomputer manufacturer, and Arthur Andersen.

Normally, the design of metal stamps for panels, which involves trial and error because the metal sheets may ripple or split when they come under pressure, takes place late in the design process. But car makers would like to carry out different steps of the design process simultaneously to cut lead times.

Ove Arup & Partners, UK, tel (0117) 465 2255; fax (0117) 465 2312.

Construction contracts online

An online database of "calls to tender" covering public construction, supply and service contracts in the EC, US and Japan, has been launched by Context, an electronic publisher.

Procurement information can be selected by any criteria on the database, on which every word is indexed. It contains the contracts published in the official Journal of the European Communities and from the European Economic Area and the World Trade Organisation.

Context, UK, tel (0171) 2678939; fax (0171) 2671133.

Motorists' map on a portable computer

A satellite navigation system for portable computers that allows motorists to monitor their exact position will be launched this month. Software, a UK software company, has based its "personal navigator" program on computerised Ordnance Survey maps in conjunction with a GPS satellite receiver, which can be incorporated into a PCMCIA card.

The system, which costs about £1,000, shows the user's exact location in relation to the departure point, destination and any other pre-assigned locations.

Software, UK, tel (0171) 4918021; fax (0171) 4987517.

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مكتبة الأصيل

ARTS

THE NEON BIBLE
Terence Davies

THE WILD BUNCH
Sam Peckinpah

SPECIES
Ronald Donaldson

THE NET
Irwin Winkler

NIGHTWATCH
Ole Bornedal

Terence Davies' *The Neon Bible* is like Proust gone to the Deep South. I kept expecting characters called Sheriff Charley or Missy Allartine to wander across the screen. This weird movie was made by the gifted director of *Distant Voices*, *Still Life* and *The Long Day Closes* from an American autobiography, the posthumously published juvenilia of John Kennedy Toole, who won a Pulitzer Prize for *A Confederacy of Dunces*.

The film could be taking place anywhere and nowhere. It was shot in Georgia but is set mainly in Davies' mind: a place you either love or hate.

I love it, while lamenting its owner's apparent unawareness here of what to do with it. The films set in his native Liverpool were "poetic," but they were also circumstantial. We gasped at the free-range camera movements, the lyrical chiaroscuro, the characters who soliloquised or sung as well as conversing. Yet the surreal grew from the real: from the shipping news on the radio, the harsh specificity of a parental quarrel, the exact film playing in the exact year at the exact neighbourhood cinema.

In *The Neon Bible* we are in Wacky County, USA. Everything is sad, stricken and liturgically beautiful; nothing is real. Little is even explained. Mom (Diana Scarwid) is a troubled soul who weeps, gives deranged stares and sings a version of "Two Yellow Eyes" that is nearly paralytic with grief. Pop (Dennis Leary) is a farmer who has a couple of lines about potatoes before leaving to die in the war. And the boy hero (Jacob Tierney) grows up before our eyes - literally, since his body elongates as he stands on a starry porch, courtesy of a dazzling "morphing" shot - without ever seeming more than a generic mouthpiece for childhood elegy.

There is Aunt Mae (Gena Rowlands). This glamorous, semi-retired chanteuse becomes the boy's unofficial mother, since his real one is too busy acting out her private five-act tragedy. Mae sports a red dress and husky voice and knocks people dead with her rendition of "How long has this



Surrealism launched from a quicksand base: Jacob Tierney, Gena Rowlands and Diana Scarwid in Terence Davies' *'The Neon Bible'*

Cinema/Nigel Andrews

Second-hand fantasies

been going on". She seems the answer to a gay fantasist's foster-mother dreams.

Unfortunately she seems little else. Like almost everything in the movie she is a thing of signs and gestures, indicating a deracinated director who has encountered too many books or films in the Southern Precincts mould.

Beneath the debris, *The Neon Bible* still leaves us convinced that Davies is some kind of genius. At best the entranced stylisations of his camerawork set out to isolate emotion as something discrete, almost ectoplasmic. It hangs in the air outside the characters even as they rummage for the interior coinage of word or gesture.

In a night-time death scene, pine trees lap and claw at a window, as if bodying the unspoken grief and horror inside. Another passage - where a white sheet waving on a washing-line, to the inspiring strains of *Gone With The Wind*, turns into the Stars and Stripes as a school classroom parrots the oath of allegiance - is a perfect visual haiku about the ritualisation and

regimentation of feeling.

What this imagination surely needs is a solid and believable launch-pad, preferably in home territory, from which to soar into its variations and improvisations. In *The Neon Bible* we feel that SpaceShip Davies is trying to take off from a patch of quicksand, and someone else's quicksand at that.

Sam Peckinpah's *The Wild Bunch*, the last great western, is back in a restored "director's cut" even though the director died ten years ago. Explanation? Surviving colleagues coaxed back the missing ten minutes: including one battle scene and one vital flashback amplifying the relationship between the movie's adversarial anti-heroes, outlaw William Holden and bounty hunter Robert Ryan.

If you have never seen it, go. If you have seen it once, go again. If you have it seen ten times, go ten times more. A quarter century on, the once infamous shootouts - slow motion, exploding blood pellets - have mellowed into near

orthodoxy. And we are left with a story bare of everything but the contours of tragedy. In widescreen landscapes bristling with heat and despair, a gang of violent bank robbers down Texas-Mexico way find a last, bloody way to redeem themselves.

As in *Straw Dogs* or *The Getaway*, Peckinpah's morality is as comfortable as a steel trap. Yet by the close we are all caught in the teeth of this story about loyalty, greed, hope, choice, salvation, set in an early-century west where as surely as the horse yields to the train and motor car, the savagery of outlaw ethics is giving way to the perfidious highways of corporate morality.

The images are like fragments of dream or nightmare. Ants and scorpions; faces bitten by wind and sun; Mexican villages dappled by trees and death. At the same time the dialogue has a simplicity raised to resonance by context and character. When Holden says "Let's go" - to his team of hoodlums ready to reach for their belated halos - the words sound like the first,

muted thunderclap of Judgment Day.

Elsewhere this week silliness reigns. The danger involved in combining human and Hollywood DNA is demonstrated in *Species*. Things fall apart, the centre cannot hold, and Ben Kingsley is loosed upon the world with an American accent.

Drawing as if to save his life, he runs the Utah laboratory from which the drop-dead blonde with the designer genes (human-extraterrestrial) escapes. At will she turns into a sticky Alien-style monster to wreak carnage. Can Kingsley's rapid action force catch and kill her? They include ex-Marine Michael Madsen, psychic Forest Whitaker and English anthropologist Alfred Molina, who looks very depressed, like Tony Hancock after wandering into the wrong sketch.

This is rubbish with moments; but not very many. Same for *The Net*, about another damsel on the run. By day Sandra Bullock is a computer whiz hired to search and destroy viruses. By night she is a computer whiz hired to etc.

The poor girl does not get out much, despite being the most attractive brunette on her block. So she is the perfect target for having her identity erased by government-connected villains after she stumbles on a *Deadly Internet Secret*. Director Irwin Winkler (*Guilty By Suspicion*) and three screenwriters chase her all over Mexico and Santa Monica, forcing her into cliché thriller locations: fairground with Ferris Wheel, street parade, bustling hotel convention. The inmates pile up. By the close most sensible filmmakers will have logged off, leaving a message on their outgoing e-mail: "Out to lunch".

Nightwatch is no less silly but more scary. If you have never volunteered for the night shift at a hospital morgue, here is your vicarious chance. Young Martin (Nikolaj Walau) meets ghouls, ghosts and things that rear up from sheeted slabs. He has a prankster friend, but there is a real psychopath at large too! The film is in Dutch with subtitles, though you may not catch them all through your half-closed fingers.

capable of huge fortissimos and finely balanced diminuendos. The image is of intense energy, absolutely controlled, and *Paradigm* shows him on what I suppose is a spiritual journey, torn and driven by a sound-track made by Titch English (more blatant than Maliphant's movement).

The continuing fascination of the piece is the range of Maliphant's dynamics - surging into a movement and releasing himself from it with dazzling resource, and taking us with him on this intriguing voyage of self-discovery and self-realisation. The language is rich, resonant, vivid. Worth filming.

Music in London

Berlioz's Romeo

With his "period" Orchestre Révolutionnaire et Romantique, his Monteverdi Choir and three first-class soloists, John Eliot Gardiner mounted Berlioz's "dramatic symphony" *Roméo et Juliette* on Sunday. The unusual venue was the Drury Lane Theatre, between performances of *Miss Saigon*. Gardiner thought it apter for fulfilling Berlioz's original performance-terms than the main London concert halls.

It was a faithfully imaginative performance, and it stuck close to the composer's prescriptions. Six harps - steel-wire wheeled along the footlights and wheeled off again (though they were barely audible), and we got the requisite proliferation of cellos. The one thing lacking was a proper "shell" around and behind the onstage orchestra, which Berlioz rightly deemed essential for projecting their sound into a large opera-house. That left the orchestra sounding distant and cool in the great "Scène d'Amour", one of his most completely realised, intimately affecting inspirations. It is the heart of the matter, and we rather missed it.

Otherwise everything worked. The elegant premonitory Prologues (the second in Oliver Knussen's orchestration); the haunted distances of the "Roméo seul" movement; the wistful, winding cortege for Juliette; the explosion of high, hectic strings for Roméo's last moments - Berlioz was guided by Garriick's version of the play, which lets the "lifeless" heroine wake just before her

lover expires; and the final reconciliation of the warring families which is suddenly grand, old-fashioned opera-with-a-big-O".

There Gilles Cachemaille gave us a more subtly detailed Friar Laurence than I have seen or heard in this music, and yet wielded the broad vocal authority to command the proceedings. The choruses played up to him perfectly. Earlier the Canadian mezzo Catherine Robbin sang meltingly in the first Prologue, and the tenor Jean-François Court voiced Mercutio's "Queen Mab" scherzo with bright precision. In short, all the elements were in place - and literally, physically, where Berlioz wanted them to be.

How much did that matter? It proved very effective for a concert-performance, but on recordings similar effects of balance and relative distances have often been achieved. Gardiner's period instruments sounded good, but not arrestingly different from their modern counterparts.

As it happens, this London season is replete with *Roméos*. Next week Sir Colin Davis is to conduct the modern, non-"authentic" London Symphony in it; and on St Valentine's Day Roger Norrington - "period" scrupulous to the last detail, often inspired - will offer his version with the London Philharmonic. Lovers of Berlioz should rejoice. *Roméo et Juliette* is a hybrid piece, but a great one; its lustre can only be enhanced, not exhausted, by combatively distinct readings.

David Murray

Vaughan Williams' unique vocal drama

Richard Hickox and the Bournemouth Symphony Orchestra's cycle of Ralph Vaughan Williams' nine symphonies achieved a sort of choral finale at Barbican Hall on Monday night - an event sponsored by the Financial Times Group and broadcast live on Radio 3 as part of its "Fairfax Isle" British music celebration. As a welcome extra in a substantial programme comprising the ninth and second symphonies (works separated by more than 40 years), the *Serenade to Music* was given a rare outing in its original version for 16 solo voices and orchestra. Devised in tribute to Sir Henry Wood on the golden jubilee of his conducting career in 1938, it is a setting of lines spoken by Lorenzo to Jessica in *The Merchant of Venice*, musical lines evoking heavenly music and now "become the touches" of Vaughan Williams' "sweet harmony".

In this rapturous reading the soloists were of such calibre that their individual fees multiplied by 16 would certainly have broken the bank, but happily they waived them. It is, after all, a kind of honour to take a role in this unique vocal drama, each entry of which is marked in the score with the initials of one of the illustrious British singers (including Isabel Baillie, Eva Turner, Muriel Brunskill, Heddie Nash, Roy Henderson) who gave the premiere. On Monday one could try to assess the fitness of each entry to its latter-day exponent. Adrian Thompson certainly came into his own

"Still quiring to the young-ey'd cherubins", his voluminous tenor exactly scaled to the hall. Janice Watson's top note on the final word "harmony" was dauntingly exquisite.

After this honest balm the ninth symphony - dating from 1955 when the composer was 55 - was like a disturbed dream: a dream, we are to understand, of Thomas Hardy's *Tess* at Stonehenge. The "late manner" in Vaughan Williams' case is not so much a matter of ellipsis, though the four movements are admirably concise, as of a lurid heightening of colour. Unmistakable use is made of a trio of saxophones; there is a big flugelhorn solo in the *Andante sostenuto* second movement; tuned percussion and side drum have plenty to say. More predictable are the echoes of Vaughan Williams' earlier music.

But this is less a retrospective symphony than a breaking of new ground; directly influential, I should say on the later Tippett. The BSO played it with wonderful sensitivity and power. It was perhaps a mistake to end the cycle on *A London Symphony* (1914) and thus with a (fourth) movement that shows Vaughan Williams at his more ponderous. But Hickox gave us a *Lento* of memorably hushed and floating English ecstacy, and secured an almost Mendelssohnian lightness from the flute and violins in the *Nocturne scherzo*. His VW cycle has been an altogether popular and impressive undertaking.

Paul Driver

Dance Umbrella/Clement Crisp

Paradigm and Private Collection

type of an Albanian holiday camp. And, as a protest, why is it necessary for the audience at these evenings - and at The Place and Riverside Studios - to be kept headed outside the auditorium doors, as if waiting for a wiggling from the Head, until one minute before starting time? It is either incompetence or an insolent disregard for the punters, and is shocking bad manners on the part of the management.

The performance comprised two solos, each lasting less than half an hour. Or rather, Russell Maliphant's virtuoso *Paradigm* ran its allotted time; Dana Reitz's *Private Collection* lasted several months.

Miss Reitz is an American who seems trapped in the dear, dead days of 'sixties experimentation, when earnest souls at Judson Church in New York re-invented dance. (Next year, the wheel.) She appears in a

white trouser suit, and moves with more physical caution than seems warranted.

Most dancers work up a tremendous sweat in performance. Miss Reitz contrives to goad herself towards rigor mortis, as tiny twitches and flicks of the hand, little lunges and elfin gestures, bead her brow with goose-pimples. It is dull and dolorous stuff, taking place in a deathly hush. If a pin dropped, we should react

as to a gun-shot. Time, like Miss Reitz, stands still.

Russell Maliphant is a fine dancer. A grand soloist with the Royal Ballet, he has during the last decade made a series of powerful appearances as performer and choreographer in post-modern style, notably in collaboration with Laurie Booth. He shares Booth's oiled muscularity and rippling sense of dynamics. His own special gift is a style



AMSTERDAM

GALLERIES
Stedelijk Tel: (020) 573 2911
● Christian Bastiaens: giant video installation; from Oct 14 to Nov 26
OPERA/BALLET
Het Muziektheater Tel: (020) 551 8822
● Moses and Aaron: by Schoenberg. A new production directed by Peter Stein and conducted by Pierre Boulez. Soloists include David Pittman-Jennings as Moses and Chris Merritt as Aaron; 8pm; Oct 12, 15 (1.30pm), 17, 20

BALTIMORE

CONCERTS
Symphony Hall Tel: (410) 783 8000
● Baltimore Symphony Orchestra: with soprano Janice Chandler. Christopher Seaman conducts Bach, Villa-Lobos, R. Strauss and Schumann; 8pm; Oct 13, 14, 15 (3pm)
● Baltimore Symphony Orchestra: with soprano Carolyn Blackwell, mezzo-soprano Delores Ziegler and tenor Karl Dent. Robert Shaw

conducts Barber and Mozart; 8.15pm; Oct 19, 20, 21
GALLERIES
Baltimore Museum Tel: (410) 396 8310
● Parallels and Precursors: 19th century French art from the George A. Lucas Collection. The exhibition highlights the parallels between the Lucas Collection and permanent collections in the BMA and the Walters Art Gallery with more than 100 pieces by artists such as Monet, Matisse and Picasso; to Oct 15

BERLIN

OPERA/BALLET
Deutsche Oper Tel: (030) 34384-01
● Götterdämmerung: by Wagner. Conducted by Jiri Kout and directed by Götz Friedrich, this performance concludes the complete cycle; 5pm; Oct 15
● Madame Butterfly: by Puccini. Conductor Sebastian Lang-Lessing, production by Pier Luigi Samaritani; 7.30pm; Oct 13, 21
● Siegfried: by Wagner. Conducted by Jiri Kout and directed by Götz Friedrich; 5.30pm; Oct 12

LONDON

CONCERTS
Queen Elizabeth Hall Tel: (0171) 928 8800
● The Chinese New Tide: with soprano Judith Mok and baritone Shi Kelong. Tan Dun conducts a programme of first generation Chinese composers such as Gu Xiaosong and Chen Qigang; 7.45pm; Oct 22
● Royal Festival Hall Tel: (0171) 928 8800
● Philharmonia Orchestra:

Christoph von Dohnányi conducts Richard Rodney Bennett and Mahler; 7.30pm; Oct 19
● The London Philharmonic: with soprano Rosalind Plowright and the London Philharmonic Choir. Roger Norrington conducts Beethoven, Gluck, Weber, Berlioz and Spontini; 7.30pm; Oct 15
● The London Philharmonic: Roger Norrington conducts an all-Berlioz programme; 7.30pm; Oct 18
GALLERIES
Photographers Gallery Tel: (0171) 851 1772
● Appeal to this Age: photographs of the American Civil Rights Movement by artists such as Gordon Parks and James Karales; to Oct 14

OPERA/BALLET
Royal Opera House Tel: (0171) 304 4000
● The Marriage of Figaro: by Mozart. Conducted by Bernard Haitink/David Syrus and directed by Patrick Young. Soloists include Felicity Lott/Cheryl Studer, Andrea Ross/Barbara Bonney and Robin Leggate/Ryland Davies; 7pm; Oct 13, 16, 18
● Tosca: by Puccini. Conducted by Simone Young and directed by Jeremy Satchell. Soloists include Galina Gorchakova, Johan Bohta and Francis Egerton; 7.30pm; Oct 12, 17, 20

LOS ANGELES

GALLERIES
Museum of Contemporary Art Tel: (213) 626 6222
● 1965-1975, Reconsidering the Object of Art: exploration into the development of contemporary art between 1965-75 and how the

artistic community began to re-examine form, function and meaning; from Oct 15 to Feb 4
● Division of Labour. Women's Work in Contemporary Art: paintings by male and female artists are used to explore issues of gender in artmaking; to Jan 7

MUNICH

GALLERIES
Haus der Kunst
● Impressionist Masterpieces: from the Barnes Collection. Artists include Matisse, Picasso, Van Gogh and Gauguin; to Oct 22

NEW YORK

CONCERTS
Alice Tully Hall Tel: (212) 875 5050
● Lincoln Center Jazz Orchestra: Wynton Marsalis conducts a programme that includes Ellington, Monk and Mingus; 8pm; Oct 16
● Carnegie Hall Tel: (212) 247 7800
● New Orleans to Now: with the Carnegie Hall Jazz Band, this concert gives an overview of the history of jazz from early New Orleans through the swing years of bebop; 8pm; Oct 12
● The Met Orchestra: with bass baritone Bryn Terfel, James Levine conducts Mahler's "Kindertotenlieder" and "Symphony No.6"; 3pm; Oct 15
GALLERIES
Museum of Modern Art Tel: (212) 708 9480
● Arnette Messager: retrospective of the French artist consisting of books, photographs and installations that demonstrate how all things can represent objects of expression; from Oct 12 to Jan 16

Whitney Museum
● Edward Hopper: impact on American art by the artist through 65 works; to Oct 15

PARIS

CONCERTS
Champs Elysées Tel: (1) 49 52 50 50
● José van Dam: bass baritone accompanied by pianist Maciej Pikulski plays Schubert's "Le Voyage d'Ivoire"; 8.30pm; Oct 14
● National Orchestra of France: with bass baritone José van Dam. Serge Baudo conducts Berlioz, Debussy, Massenet and Wagner; 8.30pm; Oct 17
● National Orchestra of France: with pianist Andreas Haefliger. Claus-Peter Flor conducts Mozart and Bruckner; 8pm; Oct 21

WASHINGTON

CONCERTS
Kennedy Center Tel: (202) 467 4600
● BBC Symphony Orchestra: with violinist Nadja Salerno-Sonnenberg. Andrew Davis conducts Debussy, Glazunov, Carter and Bartók; 2pm; Oct 22
● National Symphony Orchestra: with pianist Horacio Gutiérrez. Raymond Leppard conducts Brahms' "Tragic Overture" and "Piano Concerto No.1" and Schubert's "Symphony No.4"; 7.30pm; Oct 12, 13, 14
● National Symphony Orchestra: with pianist James Tocco. George Manahan conducts Debussy's "Iberia", Stravinsky's "Concerto for Piano and Wind Instruments" and Rachmaninov's "Symphonic

Dances"; 8.30pm; Oct 19, 20, 21
● Washington Chamber Symphony: Stephen Simon conducts Vivaldi, Argento and Haydn; 7.30pm; Oct 13, 14
GALLERIES
Hirschhorn Museum Tel: (202) 357 2700
● Directions-Martin Kippenberger: works on paper. Approximately 50 satirical drawings on hotel stationery by the German artist along with some of his collages and drawings on paper; to Oct 22

National Gallery Tel: (202) 737 4215
● A Great Heritage: Renaissance and Baroque drawings from Chatsworth consisting of 105 works by artists such as Rembrandt, van Dyck and Raphael; to Dec 31
OPERA/BALLET
Kennedy Center Tel: (202) 467 4600
● Suzanne Farrell Staged Balanchine: an evening of George Balanchine choreographed pieces performed by the Washington Ballet. The programme includes "Chaconne", "Slaughter on 10th Avenue" and "Tzigane"; 8pm; Oct 17, 18, 19, 20, 21, 22 (2pm)
THEATRE
Arens Stage Tel: (202) 488 3300
● The Plough and the Stars: by Sean O'Casey. Tragicomedy of urban warfare during the Easter Rebellion against the British. Directed by Kyle Donnelly; to Oct 15
● Shakespeare Tel: (202) 393 2700
● Macbeth: by William Shakespeare, directed by Joe Dowling. Cast includes Stacy Keach; 7.30pm; to Oct 21

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PILLAR

Motivation behind a silent Italian gnome



An Italian television reporter tried to interview Enrico Cuccia in a Milan street a few weeks ago. The 87-year-old banker did not even lift his head to look at his inquisitor, but continued his slow daily shuffle towards Mediocredito, the merchant bank he founded nearly 50 years ago.

In an age when popes and kings have submitted to reporters' questions, the Sicilian-born Cuccia remains a silent celebrity. Giancarlo Galli, a financial journalist, admits in the preface to *Il Padrone dei Padroni* ("The Boss of the Bosses") that it was prepared "without even the slightest co-operation" from its subject. He dedicates the book to Cuccia anyway, but it will disappoint any reader who expects a biography. We probably learn more in two paragraphs about Cuccia's mentor and friend André Meyer of Lazard Frères (the banker who famously posed the rhetorical question "Why be unpleasant when, with a minimum of effort, one can be obnoxious?") than we learn about Cuccia in the whole book.

But Galli is attempting a different exercise: a history of post-war Italian capitalism through the prism of Mediocredito. It was founded in 1946 by three state-owned banks to offer medium-term finance and to form "a direct link between the investment community and the financing needs involved in rebuilding Italian industry". As Galli makes clear, this was merely the outline recipe for a rich potion of influence, opportunism and economic vision, brilliantly stirred together by Cuccia himself.

The timing of publication could not be better. Cuccia and Mediocredito are again besieged by controversy over their plan to merge Gemina, the investment company controlled by the merchant bank and its corporate allies, and Ferruzzi Finanziaria (Ferfin), the holding company which controls the Montedison industrial group. At the same time, Mediocredito is leading the underwriting of a record rights issue aimed at reviving Olivetti, the

IL PADRONE DEI PADRONI
Enrico Cuccia, il potere di Mediocredito, e il capitalismo italiano
By Giancarlo Galli
Garzanti, L27,000
272 pages

loss-making computer group. The Gemina-Ferfin merger is the latest episode in a long and tangled history of Mediocredito involvement with Montedison, dating back to Cuccia's patronage of the merger between Montecatini, the chemicals group, and Edison, the energy and chemicals company, in the early 1960s.

Today, supporters of Mediocredito sound aggrieved when the bank is criticised for the latest attempt to restructure Montedison and Ferfin. They point out that it was Mediocredito which "rescued" the two companies when corruption and alleged mismanagement brought them close to collapse in 1993, by masterminding a financial restructuring which allowed creditor banks to swap debt for equity and kept the conglomerate intact.

But Galli reminds us that Mediocredito was for years the pilot guiding Montedison. "[Montedison] has tortured Enrico Cuccia for more than 30 years. He... was midwife to the omnivorous monster (which) gobbled up billions from savers and banks, as well as legions of managers and dynasties, without ever achieving the goal of... a decent seat at the international high table of chemicals and agribusiness". This latest merger plan, he suggests, bears witness to Cuccia's desire to finish the job begun in the 1960s.

Cuccia does not need to dedicate his old age to this. He officially retired as managing director in 1982 and became "honorary chairman" in 1988. Mediocredito is staffed by skilled bankers, one-and-a-half generations younger. Why does "lo gnomino" - the gnome, as Galli calls him - go on?

Money is not the issue. Galli underlines Cuccia's distaste for the self-enrichment of corrupt entrepreneurs and politicians in the 1980s. The book refers to

his tax return for 1992, showing gross income of L672m (\$418,000), L234m of it from Mediocredito - a comparatively modest sum for a top financier. Instead, he attributes to Cuccia, a devout Catholic, a more abstract sense of mission, developed during the war, when the young banker was an active member of the anti-fascist Partito d'azione, and fleshed out in discussions with Meyer of Lazard Frères. Galli says that even before the foundation of Mediocredito, the two men wanted to "re-establish the supremacy of capitalism" through finance, at a moment when it seemed threatened... by communism.

Il Padrone dei Padroni is a chronicle of the single-minded way in which Cuccia went about establishing that supremacy, resisting the influence of the state, which ostensibly controlled Mediocredito until 1988, keeping the capital-labour alliance during years of terrorism and corruption, and turning recent privatisation issues to its own advantage. Galli avoids a definitive judgment on the success of Cuccia's mission and on the man himself, although he raises an eyebrow at what he calls his "strange ethics", which have seen him put under judicial investigation more than once. He also quotes at length the criticism of his former friend and colleague, Carlo Bombieri, that Cuccia has introduced into Italian business "an exclusively financial mentality" in which "all that counts is financial engineering".

Finally, the book only touches on what may lie ahead for Mediocredito. Galli speculates that Mediocredito could realise Cuccia and Meyer's long-term international ambitions by effecting a merger with Lazard. But as international distaste of the Gemina-Ferfin plan shows, tolerance of Mediocredito's manoeuvres has worn thin in the past decade of liberalisation and increased global competition. At least one US fund manager has indicated its unwillingness to invest where Mediocredito is involved. Such criticism will not worry Cuccia himself, but it should worry his heirs.

Andrew Hill

The British tax burden has increased, is increasing and ought to be diminished - but not by means of the spurious £3bn of annual tax reliefs which the chancellor might be able to scrape out of his barrel in his November 28 Budget.

There was a severe phased increase in the tax take as a result of the two Budgets of 1993; and this may explain more about the anger of Tory and former Tory voters than any amount of high-falutin' talk about leadership or governments fostering selfishness. From now on the tax vice will tighten more slowly, but tighten nonetheless. The projections in the last Budget Red Book showed tax and other receipts rising from 36 per cent of gross domestic product in 1993 to 40 per cent by the late 1990s - about £20bn per annum at current values. Any reliefs in the coming Budget will be trifling in comparison.

The best preliminary assessment of Budget prospects comes as usual from the *Green Budget: Options for 1996*, prepared by the Institute for Fiscal Studies in collaboration with Goldman Sachs.

The Green Budget projections illustrate a paradox. The first table shows the outlook for the public sector borrowing requirement - simply the name of the Treasury's preferred definition of the budget deficit. It shows that the PSBR is much higher under what is called the "inflation control" projection than on the baseline of current policies. For Goldman Sachs, like the Bank of England and many other forecasters, expects underlying inflation to stay a little above the official 2½ per cent target on the basis of present policies.

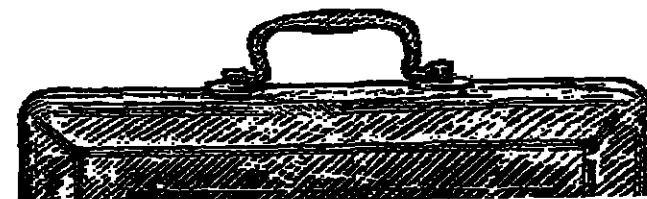
The standard way of trying to bring down inflation involves, alas, recession or at least slow growth, which in turn reduces tax revenue and increases discretionary spending on items such as benefits. Thus if the chancellor were determined to get inflation down to 2½ per cent within two years, the PSBR would be several billion pounds higher for the remainder of the 1990s.

This same paradox turned up frequently in Bernard Connolly's recent critical study of European exchange rate politics, *The Rotten Heart of Europe* (Faber). Countries trying to keep their exchange rates close to the D-Mark have often had to raise interest rates, which has slowed down domestic growth and made the Maastricht criteria for deficit reduction more difficult to

ECONOMIC VIEWPOINT

Kenneth Clarke's £3bn tax puzzle

By Samuel Brittan



UK PSBR projections

	1995-96	96-97	97-98	98-99	99-2000
Baseline					
PSBR (£bn)	26.6	16.1	8.4	2.5	-7.2
PSBR (% of GDP)	3.7	2.1	1.0	0.3	-0.8
Inflation control					
PSBR (£bn)	26.6	19.2	13.8	9.9	2.7
PSBR (% of GDP)	3.7	2.8	1.8	1.2	0.3

Alternative PSBR plans

£bn	PSBR on unchanged policy	Targets in 1994 Budget	2.5% of trend GDP
1995-96	27	21.5	18
1996-97	16	13.0	19
1997-98	8	5.0	20
1998-99	3	-1.0	21

Source: IFS, Goldman Sachs

achieve. Thus they are damned if they raise interest rates, and damned if they don't.

What the British situation shows is that the dilemma is not only a matter of exchange rate systems. Whenever a government wants to reduce inflation, there is a conflict between anti-inflationary virtue and fiscal virtue. Finance ministries are never likely to be sufficiently successful in getting people to avert their gaze from the actual to the structural deficit (which abstracts from the business cycle) to prevent this dilemma from causing trouble.

The second table shows that on unchanged policies the PSBR will fall rapidly over the next few years, although from a higher starting point than the chancellor had hoped in 1994. Present strategy is based on the goal of a balanced budget, which the institute believes to be over-ambitious. Two alternative criteria are set out. One is to have a PSBR low enough to stabilise the public-sector debt ratio; the other is to have a deficit no higher than that covered by public-sector capital formation (the so-called golden rule). Both criteria suggest a PSBR ceiling of 2½ per cent of trend GDP - that is, what GDP would be if the economy were working without any gap between actual production and sustainable output. This leads the authors to suggest that Mr Clarke may have gone too far in committing the government to stringency in the public finances.

In practice the Green Budget simulations do not depend on any departure from present fiscal objectives one way or the other. The authors believe that the chancellor will obtain some £3bn for personal tax relief from some mixture of public spending economies and low-visibility minor tax increases here and there.

They have no great hopes of savings in the main public-sector programmes for social security, health and education. They have taken present institutional structures for granted and not investigated the far-reaching proposals for returning decisions in these areas to the citizen put forward by the former Labour New Zealand finance minister, Sir Roger Douglas, or Frank Field, the UK Labour MP.

One assumption made by the institute is that the chancellor will play games with the contingency allowance. This is normally fixed at a fairly large

sum for several years ahead and is gradually allocated among programmes as the years roll forward. It stands at £8bn for 1997-98, but only at £3bn for 1995-96. Money could in principle be saved by eliminating the reserve next year, thus telling departments that, even in an emergency, they could only have extra cash at the expense of each other. The net result could on paper look like a freeze, or even a slight cut in public spending in real terms, which has not been achieved since 1989-90.

On specific taxes, the institute has one very good point and one very bad one. The good one is the half-baked nature of a windfall tax on utilities. Such a tax would not affect shareholders who had already gained from monopoly profits, but had sold out in time. Moreover it would be a very bad substitute for regulatory reform itself and some of the levy could ultimately fall on consumers.

The bad idea is to eliminate tax relief for profit-related pay.

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The bad idea is to eliminate tax relief for profit-related pay.

This was introduced in the 1988 Budget and had hardly got going during the last recession. The rate of take-up has since much increased; and the economic test will come in the next profits downturn. We will then see whether a reduction in remuneration arising automatically from profit-related pay might partly take the place of the employment reductions which are the normal knee-jerk reaction of too many businesses in times of difficulty. It would be typical of the British official class to withdraw an innovation before it had been really tested.

On the possible "cuts" in mainstream personal taxes, the institute examines possible packages. The most superficially tempting would be to use all the available sums for a 3p cut in the basic rate of income tax. But not only would the benefits go disproportionately to the better off, it would also be throwing away more fundamental opportunities.

The Green Budget authors examine an ingenious scheme for cutting tax allowances to finance a big widening of the lower 20p band so that more people paid tax at this rate than at 25p. The chancellor could then declare that 20p was now the basic rate of tax and this long sought-after Tory goal had been achieved in one Budget.

But widening the lower rate band would be a spurious "social" gesture, as it would only help those who already pay tax at the 25p rate. Undoubtedly the best way to help the least well off would be not to cut, but to increase personal allowances, thus raising the tax threshold and taking many earners out of tax altogether.

It might then make sense to combine this with an increase in the higher rate 40p tax threshold. As a result of the failure to index it, some 2.2m taxpayers now pay this higher rate (compared with less than 700,000 in 1979) and it has now become a middle-class tax. The appeal of a higher threshold is that it would make much bigger difference to marginal tax rates for a key group than any, inevitably much smaller, headline reduction in the basic rate.

In view of what was said earlier on such a reform would redistribute rather than reduce the total tax burden; and it would be neither a Tory nor a Labour Budget - which is why I have not many hopes that it will occur.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to "fine"). Translation may be available for letters written in the main international languages.

Immigration debate in US is deflecting from real problems

From Mr Arthur C. Helton.

Sir, Jurek Martin's article on the immigration debate in the US ("Rejected by Statue of Liberty", October 7/8) depicts a policy dilemma that has become badly politicised. In truth, the US immigration experience has been both ennobling as well as painful. Successful assimilation and heightened productivity have been accompanied at times by social tension and even displacement of US workers in specific circumstances. A full cost and benefit analysis is elu-

sive. Yet the immigration tradition has become so deeply embedded in the tissue of the American national identity as to counsel against curtailment of significant levels of admissions.

However, politics have become paramount. The immigration debate has become an overheated argument that has recently permeated the mass media. Immigration reform is an inexpensive substitute for difficult policy prescriptions concerning the economy, trade, health care, welfare, education

or the criminal justice system. So politicians on all sides will continue to find the immigration debate attractive, and the issue is likely to remain a national political question at least until the presidential election next year. Hopefully, the extreme rhetoric will then subside, enabling more thoughtful reform.

Arthur C. Helton, director of migration programmes, Open Society Institute, 888 Seventh Avenue, Suite 1901, New York 10106, US

UN decline means more nationalism

From Mr Anthony Harrigan.

Sir, Joe Rogaly ("Back to nationalism", September 30) accurately describes the UN as a dying creature. From the start, the founders did not understand what lay ahead. They failed to envisage the protracted conflict between the western nations and the former Soviet Union. They also failed to grasp the explosion of new states and the absurdity of giving everyone the same weight as leading powers.

Undoubtedly, it is too late to deconstruct the UN. It will simply fall apart, as indeed it is doing now. That is simply the way of the world. No one cries for the disappearance of the Holy Roman Empire. Nationalism is another fact of life. It will intensify in the 21st century.

China is embarked on a massive military build up. Japan, increasingly, through its economic power holds the US in thrall.

Indeed, it is unfortunate that the Atlantic nations are not more nationalistic, more determined to defend their nation's interests and identities in the face of third world pressures. The survival of western civilisation depends on fresh manifestations of will by the western countries and the strongest defence of Eurocentric values.

Anthony Harrigan, United States Business & Industrial Council Educational Foundation, 122 C Street NW, Suite 815, Washington, DC 20001, US

UK minister has a poor recall of history

From Mrs Fergus Randolph.

Sir, Your report on the Conservative party conference ("Anti-Brunel speech wins loud applause", October 11) cites Mr Michael Portillo, the UK defence secretary, as saying that Britain was blessed with troops willing to give their lives "for Britain, not for Brussels". Mr Portillo has

clearly forgotten 20th century history. Britain went to war in 1914 for Belgium and in 1939 for Poland. Those were the days when Britain put what it regarded as the general good first before purely selfish party political interests.

While no doubt cheap applause can be gained from knee-jerk nationalism, Mr Por-

tillo should remember that the main reason why he and his generation have not had to risk spilling their blood on some continental European field is precisely because of the existence of what is now known as the European Union.

Fergus Randolph, 21 Wolsemsstraat, 11700 Dillebeek, Belgium

A riddle for the UK transport minister

From Mrs E.B. de Febrer.

Sir, Perhaps Mr Steven Norris ("The transport minister takes the bus, train and tube", October 7/8) can solve the riddle that puzzles me every time I'm in London. Nobody else has been able to.

While, per se, I fully share the minister's enthusiasm for London buses, the "fixing" is much dampened whenever I have to queue for more than half an hour at - say - Green Park to take the No 14 to Ful-

ham. This, the stranger to London will observe, can happen anywhere, due to heavy traffic. Yes, but - lo and behold - directly behind my bus arrives a second, third, even fourth No 14. Unfortunately you cannot get on it. Therefore like everyone else I scramble on to the first, while the other buses follow in convoy (empty) or start a race, overtaking each other. This bizarre phenomenon does not appear to occur in the opposite direction, since from

Fulham the buses tend to arrive at regular intervals and one by one. However, also on different routes, buses will chase each other about town, the first will be packed, while the rest have one passenger - the conductor. Do the drivers have tea somewhere and a nice chat, whereafter they all leave together?

Elisabeth Bowen de Febrer, Joana Moreira, 5, 48900 Algora, Vizcaya, Spain

Depressing reluctance by IMF to produce solution to Africa debts

From Ms Ann Pettifor.

Sir, George Graham suggests that there are differences between the World Bank and International Monetary Fund over the number of countries which face unsustainable debt burdens ("World Bank pressed on debt burden", October 10). On the contrary, the IMF's latest *World Economic Outlook* makes clear that Fund analysts share the Bank's pessimism

about the unsustainability of the debt overhang for many countries in sub-Saharan Africa. On page 44 of the latest *World Economic Outlook*, the IMF states that "for most of the region, the debt burden remains extremely high (with) levels that exceed 400 per cent of export earnings. Few countries appear to have any realistic scope for servicing debt

burdens of such a magnitude". Given this public recognition of the intolerable debt overhang facing countries in Africa, we find it depressing that the IMF has been reluctant to come forward with solutions. We still await a response to the call by leaders of the Group of Seven countries in Halifax, for "new mechanisms" to be developed for a "comprehensive approach" to

debt owed to the multilaterals. This is not an academic issue for millions of Africans in countries where debt repayments take precedence over expenditure on, for example, water or health. For many it is a matter of life or death.

Ann Pettifor, lobbyist, Debt Crisis Network, PO Box 100, London SE1 7RT, UK

Sogedit

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Nuova Same s.p.a.

SOGEDIT S.p.A., an Italian company based in Rome, P.le Enrico Mattei, 1, with a fully paid-up share capital of lire 38,000,000,000, number 8401/91 on the Companies Register in the Court of Rome ("Sogedit") having received intentions for the acquisition of NUOVA SAME, intends to receive and evaluate offers by single parties to acquire 100% of the share capital of NUOVA SAME S.p.A., based in Milan, P.zza Cavour, 2.

NUOVA SAME S.p.A., with a fully paid-up share capital of lire 30 billion, is active in the typesetting and printing of newspapers, with two production facilities in Milan. The 1994 turnover was approximately lire 36 billion.

This announcement is directed exclusively to limited liability companies. An information memorandum on NUOVA SAME will be sent to qualified interested parties who have requested in writing to the address below, by letter or fax, a copy of the confidentiality letter, and returned it validly signed by their authorised representative, no later than 25th October 1995, together with a copy of their annual report and accounts for the last three years, a description of their activities and an indication of the industrial objectives of the potential acquisition. Intermediaries of any kind are required to reveal the identity of their principals.

PASFIN Servizi Finanziari S.p.A.
Largo Richini, 6
20122 Milano
Tel. 39/2/58374362
Fax 39/2/58314808
Att.n Dott. E. Morpurgo
Dott. R. Magnoni

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Thursday October 12 1995

Wolfensohn's IDA crisis

Mr James (Jim) Wolfensohn has been president of the World Bank for four months. But his speech at the annual meetings of the Bank and the International Monetary Fund still dealt only in generalities. This determination to learn before reaching decisions is quite sensible, provided he does not delay too long. But the world is not inclined to wait upon his convenience. Mr Wolfensohn must already deal with the determination of the US Congress to slash its contribution to the International Development Association, the World Bank Group's arm for concessional lending.

The donor contribution to the 10th IDA replenishment, covering 1993-96, was set at SDR 13bn (£12.3bn), of which the US share was SDR 2.71bn (£2.58bn or \$1.25bn a year). The administration has requested \$1.39bn for the 1996 fiscal year. But the House of Representatives has agreed a mere \$750m and the Senate only \$750m. Either way, the US would be in default on its commitments. Under the burden-sharing arrangement with other donors, IDA resources for this year could be halved.

Furthermore, the discussion of the 11th replenishment needs to be completed quite soon if it is to begin in July 1996. The donors are being asked to contribute SDR 9bn (£8.7bn) with the US share set at about \$2.75bn. Yet even this amount, albeit substantially smaller than for the 10th replenishment, is much more than Congress seem likely to accept.

Italian capitalism

The investigation by Milan magistrates of executives at Gemina, the quoted Italian investment company, could hardly be more awkwardly timed for the powerful business dynasties which comprise its main shareholders. The affair inevitably casts doubt on their plans to use Gemina as the main vehicle for a large and controversial merger of Ferruzzi, Montedison and Fiat's chemical interests. But the incident also prompts broader concerns, which go well beyond the fate of this particular deal.

The magistrates have divulged little about their inquiries, beyond the fact that they focus on alleged falsification of accounts. Nor have Gemina's public statements served the interests of clarity. It is therefore impossible to know the exact nature of the suspected offences, still less whether any have actually been committed. But this murkiness about the facts is in many ways the most disturbing aspect of the situation.

As the head of the Milan stock exchange acknowledged this week, the affair poses a threat to confidence in Italy's capital markets. Transparency and reliable information are the lifeblood of efficient financial markets. The risk is that this incident will be taken, by international investors in particular, as further evidence that Italy is still falling short of acceptable standards.

Its stock exchange authorities have, admittedly, gone some way to modernise trading systems. The problem, however, lies in the basis

A solution for the 10th replenishment would be for the US to pay its obligations in arrears, as has happened before. But this could not work for the 11th, unless the US were prepared to make the initial commitment. One way out would be to create a special fund, as happened in 1984, to which other donors would contribute. But all such makeshift arrangements are grossly unsatisfactory. What makes congressional reluctance particularly irritating is the largesse to Israel and Egypt, which receive some \$5bn a year between them.

First and foremost, the issue is one of US willingness to meet its international obligations. But there is also a question about how to use scarce IDA funds. That question would become far more salient if they were drastically cut. These scarce funds should no longer go to countries that are, or could easily become, creditworthy for commercial borrowing, such as China or India. They should also not go to poor countries with dreadful records of mismanagement, corruption or worse.

Mr Wolfensohn is right to demand a sustained flow of concessional assistance. But IDA funds must be used to jump-start the economies of those countries that are not merely poor and uncreditworthy, but are making a serious effort to escape from these conditions. This is what the World Bank is trying to ensure. It needs to demonstrate success if it is to increase its chances of securing the flows it seeks.

on which dealing is done. Scarce institutional liquidity and weak regulation have left trading dominated by a few big industrial groups, with little incentive to press for greater openness. Opacity is further encouraged by "cascade" ownership structures, which have led to large swathes of Italy's corporate sector being controlled through minority holdings. The Byzantine nature of the planned Ferruzzi-Montedison deal is one symptom of this system, which discriminates against other shareholders and must also provide a constant temptation to insider trading.

These weaknesses have prevented Italy's stock exchanges from developing fully what should be their primary function, raising capital. Until now, that has been a manageable problem. However, the balance has been changed by Italy's ambitious programme of privatisations. If it is to succeed, it will need increasingly to rely on support from global investors.

The Gemina affair hardly seems the kind of advertisement likely to entice them. But it will have served a useful purpose if it helps to hasten greater capital market transparency. Even if backed by greater political will, reforms on the scale needed will take time. In the meantime, the authorities could help to underpin confidence by ensuring, as a minimum, that all future privatisation offers are listed on the New York Stock Exchange and subjected to the full rigour of US domestic disclosure requirements.

Rail privatisation

The privatisation of British Rail is now most of the way down the track. Many thought it would not get this far, and there remains a small chance that an early election or a rail crisis could halt the process. Short of that, the announcement to the Tory conference yesterday that the sale of Railtrack, the company controlling the track and property assets of the rail network, will proceed by next April, puts in place the last big piece in the UK's most complicated privatisation yet.

By April some 40 per cent of rail services are likely to be operated by private companies. The companies responsible for providing rolling stock and maintaining the track are also likely to be in the private sector. If the sale of Railtrack succeeds, privatisation will be largely complete, although the question of subsidy levels and minimum service requirements will dog every government for the foreseeable future.

Controversy over the pros and cons of rail privatisation has reverberated across all three party conferences. Given that it is now set to happen, the debate ought to move on. Ministers need to make the best of the job they have taken in hand, while the opposition parties should reconsider the commitments they have made to renationalise the industry.

The starting point for both sides should be the needs of the passengers and freight carriers whom the railway exists to serve. The rules out any return to the status quo ante, which was chronically

inefficient and could not in any event be recreated without massive, debilitating upheaval.

The opposition parties appear to accept this, which makes their renationalisation commitment bizarre as anything other than an electoral gimmick. In practice, it seems Labour will follow the Liberal Democrats and interpret "state control" as a majority stake in Railtrack. Mr Tony Blair would be foolish to pledge any more if he has any regard for his "tax and spend" reputation.

Given the degree of state regulatory oversight, which is open to modification by a future government, there is no reason why a state-owned Railtrack should be any more customer-friendly than a privatised one. Some in the opposition believe that the renationalisation commitment will halt the initial sale. It is highly unlikely to do so if only 51 per cent is offered for sale and Labour's commitment is only to repurchase a stake sufficient to get majority control. Then the scale of the buy-back would be tiny.

Any renationalisation commitment will create damaging uncertainty for Railtrack's management. But far more problematic is the future subsidy regime for the network, which will critically affect levels of passenger service and the security of the new private train operators. The cry for subsidies will not be reduced when the trains are privately operated - particularly if transport policy as a whole remains so heavily weighted against rail use.

The world is opening up to mining companies as never before. From Argentina to Zambia, governments that once treated mining groups with deep suspicion have started competing for their favour. Many have watered down or abolished the foreign ownership restrictions and sometimes punitive taxes that previously discouraged companies from exploring large parts of the globe.

Mining groups are also being invited to bid for state-owned mining assets as huge chunks of the industry are being returned to the private sector around the world.

"The mining industry is suddenly confronted with a wide arena of opportunities that have not been available for several decades," says Mr Bob Wilson, chief executive of London-based RTZ, the diversified mining group.

To exploit these opportunities more effectively, RTZ this week agreed a merger of operations and management with CRA, its 49 per cent-owned Australian associate. The deal will create, in effect, a single corporate entity with assets of \$5bn and a combined market capitalisation of about \$14bn.

Mr Wilson estimates that since the beginning of the 1990s as many as half the countries in the world have opened their doors to international mining companies and are actively encouraging them to invest. More than 70 countries have changed their mining laws to make themselves more attractive to foreign companies.

All of this is a big change from 20 years ago, when mining was an industry in which internationally operating companies had virtually ceased to exist after being unceremoniously booted out of one region after another.

This expulsion began in the 1950s and 1960s with a wave of nationalisation of mining operations, often as former colonies were granted their independence.

The trend was exacerbated in the 1970s when there was a wave of economic nationalism in two important mining countries, Australia and Canada. This made operating in these countries increasingly difficult for international groups.

By the end of that decade, the mining industry's structure consisted mainly of local companies, mining principally in their own countries, with each concentrating on one or two mineral products.

The present deregulation process started in Latin America in the mid-1980s. Virtually the whole of that region is now actively seeking investment from mining groups. Even Brazil is somewhat reluctantly joining the trend, with plans to privatise its national "flag bearer" CVRD, the world's biggest

iron-ore producer, early next year. The Brazilian government hopes to raise more than \$9bn from the deal. The changed circumstances are already having an important impact on the structure of the global mining industry, which has generally enjoyed a prosperous period in the past two or three years, with metals and minerals prices buoyant.

For one thing, they have contributed to a quickening in the pace of consolidation since, for the most part, only big and wealthy companies can afford the assets on offer. Mr Jerry Ellis, chief executive of BHP Minerals, the Australian group, says the mining industry in the 21st century is "likely to be dominated by relatively small number of large companies that will be truly global in scope, and internationally staffed".

The wave of liberalisation sweeping the sector is also prompting groups to reconsider corporate structures more appropriate to the old days before the transformation in government attitudes. RTZ owned 92 per cent of CRA in the early 1990s, but the stake was subsequently reduced as Australia's wave of economic nationalism led to the enactment of laws that made it very difficult for non-domestic groups to retain more than 49 per cent of operations.

The easier availability of new assets has also encouraged some companies to spread their interests across a comparatively broad range of minerals, rather than focusing on one or two as was typical in the 1970s and 1980s. Companies which have done this include Australia's BHP and Normandy Potash as well as Gencor, the South African group.

Mr Wilson predicts that this process will not go too far, however, because North American investors prefer mining companies to concentrate on one metal.

Those investors give "pure" gold producers in particular much higher stock market ratings than base-metal groups and more broadly based mining companies.

Mr Wilson also forecasts that the vertically integrated structures of most aluminium and nickel companies make it likely that they will remain focused on one metal. Verti-

cal integration means the same group has stakes in all stages of the production process from mine to finished product.

In many cases, it is not just the money countries can collect from selling companies and mineral deposits, and the promise of tax and royalty dollars, that has encouraged them to open their doors to foreign investors.

In addition, mining operations often provide a way of opening up undeveloped regions. New mines require not only new roads, power and communications but sometimes new townships and accompanying

medical, educational and shopping facilities. Mr Fessine Pofana, Guinea's minister of mines and geology, says: "The mining sector will be the standard-bearer for foreign investment in this country. We are keen to attract international mining companies not only for the economic benefits they bring with them, but also as a means of developing Guinea's extremely limited infrastructure."

The west African country last month made big changes to its mining laws and introduced the concept of "one-stop shopping" for mining companies seeking information

Rich seam for foreign investors

Developing countries are taking steps to encourage international mining groups, says Kenneth Gooding



Top non-fuel miners in 1993 (ranked by value of minerals mined)

RANK	COUNTRY	VALUE (\$Bn)	PERCENT
1	WORLD AVERAGE	5.89	100
2	RTZ	5.36	91
3	State of Brazil	3.27	56
4	Broken Hill Proprietary	2.71	46
5	State of Chile	2.54	43
6	Gencor	1.97	33
7	Freeport McMoRan	1.81	31
8	State of Morocco	1.22	21
9	State of Malaysia	1.22	21
10	Others	1.21	21

Big mining deals since June last year

- BHP Minerals acquired 51 per cent of CRA for \$1.5bn
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Diane Summers charts Timberland's journey from small cult brand to multinational company

Boots for global trip

Timberland, the US-based boot and clothing company, has pulled off a double coup. Its rugged footwear and chunky sweatshirts are not only fashion items in more than 50 countries, they actually work in the great outdoors.

As the yellow leather boot, for which the brand is best known, celebrates its 21st birthday, the half family-owned, half publicly quoted business is having, for the first time, to think about global marketing. It has recently appointed its first worldwide marketing director and decided that all advertising should be done through a single agency: BBDO, part of the Omnicom group.

From next spring, when the new global advertising is likely to kick off, the agency will try to persuade urban dwellers and country types alike that they can enjoy the outdoor associations of the brand, even if they are hiking no further than the bus stop.

Timberland's path from what BBDO describes as a "garage brand" catering for enthusiasts to a global company has often been painful. Once the darling of Wall Street, Timberland has recently

fallen from grace as it struggles to deal with its growth. The immediate task is to restore operating margins which last year fell to 6.8 per cent, from 9.6 per cent in 1993.

According to Mr Sidney Swartz, son of the company's founder Nathan Swartz, who now heads the company with his son Jeffrey: "We could have allowed the company to remain a small, cult brand. In some respects I wish we had. The brand took control of us, rather than us controlling the brand. We got romanced by the opportunities."

This year a conscious effort is being made to slow down, says Mr Jeffrey Swartz, the 35-year-old chief operating officer: "1995 is about remembering who we are and focusing on what we do best. This is the company that makes yellow boots."

The yellow boot has become the symbol of the company's fundamental values. With a near-religious fervour, Timberland's mission statement says: "The Timberland boot stands for much more than the finest waterproof leather. It represents

our call to action. Pull on your boots and make a difference. With your boots and your beliefs, you will be able to interact responsibly and comfortably within the natural and social environments that all human beings share."

It is unlikely that the Swartzes originally thought in quite those terms as they struggled 30 years ago to perfect the injection-moulding technology that led to the first waterproof leather boot. Manufactured for workmen by the Abington Shoe Company, as it then was, the boot was launched on to the market in 1974 under the Timberland brand name. By 1978 the company's name was changed to Timberland, and the first foray

overseas, to Italy, came in 1979. The production of hand-sewn casual shoes, boat shoes, hiking boots and clothing followed.

By 1991, the company was trading on the New York Stock Exchange. Two years of rapid development followed, with sales shooting from \$291m in 1982 to \$638m last year. Mr Sidney Swartz admits that the pace was more than the company could bear. "We've had to go back and put new tyres on the car," he says.

Analysts were critical of price cutting to achieve growth; distribution systems broke down, leaving the company with stock on its hands at the same time as retailers were being left without the goods they knew they could sell.

As well as having to do battle on the business front, the company's ethics, in which it prides itself, also came under attack. In a badly handled US newspaper interview, Mr Jeffrey Swartz appeared to try to distance Timberland from its new inner-city black customers. Around the same time, the company fell foul of animal rights activists who criticised its association with the tattered Trail, a race for dog-drawn sledges.

In spite of these difficulties, Timberland is acknowledged by community leaders to take its corporate responsibilities more seriously than most. The company appears to be genuine in its enthusiasm for supporting moves to combat racism and social action programmes.

This year Timberland is catching up with itself and the Swartzes may also be preoccupied with other matters. There have been rumours, for example, of an acquisition by Nike, the sports shoe and clothing manufacturer. Some observers say such a move would make eminent sense, since Nike's rival Reebok already owns Rockport, a brand which competes with Timberland in a number of areas.

While it is difficult to imagine Sidney and Jeffrey Swartz letting go, being taken over by Nike could be something of a relief. An American Express advertisement sums up their position. It shows the bearded-looking pair beside a cap that reads "Timberland". "We're just an old-fashioned New England company that got glamorous by mistake".

Jim sticks to the script

■ Jim Wolfensohn is a veteran of the annual World Bank/IMF meetings, in which thousands of commercial bankers converge on Washington's Sheraton Hotel to lobby the world's finance ministers. He even claims to have listened to the ministers' formal speeches when he first started attending in the 1980s. Devotion above and beyond the call of duty.

This time around, however, the annual meetings have by general consensus been Wolfensohn's show - his chance to show his stuff after four months as World Bank president.

The Australian-born investment banker has already made some changes. Yesterday, for example, the lion lay down with the lamb when he held a joint press conference - his third in as many days - with Oxfam and other non-governmental organisations, who have been among the World Bank's most persistent critics.

For his own speech at the full annual meeting Wolfensohn turned - for the first time - to a teleprompter. World Bank staff, who have got used to him tearing up the scripted speeches in favour of a few scribbled notes, were astonished to see him adhere word for word to his prepared text. Wolfensohn says his preferred way of finding out what the World

Bank should be doing is to wander into a village and have a beer. "But then there aren't a lot of beers in villages in India or Malawi," he said in an interview with Euronews. Not a problem facing anyone at the Sheraton this week.

Anti-ceptic

■ Wilfried Thalwitz, who runs the World Bank's operations in eastern Europe and central Asia, is leaving next month to pursue his true love: wild mushrooms.

Some might argue that he already inhabits the perfect environment for the gestation of stale fungi, but Thalwitz is heading off to seek chanterelles beside Maryland's Deep Creek Lake, wild ginseng in West Virginia and boletus, his favourite, in the northern states.

Thalwitz's devotion to his subject is so great that he once talked the Association of Gay Priests of New York into helping him slice and string boletus for drying. He says he knows 200 varieties, "and I've never even had a bellyache."

Wild mushrooms are much more prized in Russia, where Thalwitz has been spending much of his time, but he won't touch them there. "There's too much caesium" as a result of the Chernobyl nuclear reactor disaster, he growls.

Thalwitz says he hasn't yet made up his mind whether he wants to make money in his retirement. But if he does, he thinks he knows where to make it - in the region he

has been running for the World Bank.

Just like mushroom-hunting: concentrate on learning the 200 good varieties and don't waste time learning the 1,200 poisonous ones.

Porcelain politics

■ Is Chancellor Helmut Kohl's Christian Democratic party losing its environmental credentials? The opposition Greens in Karlsruhe city council clearly think so.

For they say the CDU will be breaking a council decision to ban non-recyclable plastic cups, cutlery and plates in public places when its holds its annual congress in the city next week. The CDU has, it seems, obtained an exemption from the rule for a fast-food concern that will be serving hungry delegates.

It is all rather embarrassing for the chancellor's party, which so heroically rallied opposition to Shell's plans to sink the Brent Spar oil platform in the Atlantic in June. But then perhaps the CDU's environmental pretensions are in more general retreat. After all, the German government has been pretty quiet about French nuclear testing in the Pacific.

Gates flung wide

■ Not content with owning the code that makes the internal organs of your computer whirr, Bill Gates has just laid his hands on a

mountain of the century's most famous visual images. Corbis, a private company controlled by the Microsoft founder and his multi-billionaire, has just picked up one of the world's biggest photographic collections, the Bettmann Archive.

Among its 11.5m photographs and 4.5m assorted technical and other drawings are a wealth of well-known images, many of which were captured over the years by photographers for United Press International, whose picture library was acquired by Bettmann in 1990. The Bettmann Archive was founded by Otto Bettmann, who fled Germany before the second world war.

Corbis' aim is to digitalise the most famous of the images and pump them out over a telephone wire to any Internet browser who happens to want them - at a fee. The company has already set about compressing London's National Gallery into digital form, and is negotiating to do the same to the Hermitage in St Petersburg.

Marching orders

■ The European Commission is putting up money for educational games on "prejudices and the scapegoat phenomenon". A reaction perhaps to UK defence secretary Michael Portillo's anti-British diatribe in Blackpool? Sadly no. Unaccountably, the funds are going to schools in five regions in Russia.

Financial Times

100 years ago

Food for South Africa
Man does not live by gold alone. Amidst other things he requires water and cheese and milk and eggs, and the Government must see to it that these things are available to supply the needs of the people. The South African Government has just announced that it will produce 100,000 tons of milk per 100,000 people in the next year. The South African Government has just announced that it will produce 100,000 tons of milk per 100,000 people in the next year.

50 years ago

Banking community here
There is not the slightest doubt that the banking community of the City, despite a general impression that the existing set-up of the Government, will not mean any playing fast and loose, is profoundly disturbed at the section of the Bill to nationalise the Bank of England which confers wide powers on the Government if it so wishes, if carried to its conclusion by a Chancellor who has not his financial acumen, can only have power for

Franc recovers slightly but PM's popularity continues to fall

Juppé escapes charges over flat

By David Buchan in Paris

Mr Alain Juppé, the French prime minister, yesterday escaped legal charges over his Paris flat, but the city's prosecutor said he had broken a law on conflict of interest.

He said he would "shelve" the case, on the condition that Mr Juppé provided written confirmation of his verbal promise last week to move out of his well-appointed flat in Paris' sixth arrondissement by the end of this year.

By deciding not to press charges, the prosecutor has spared Mr Juppé from having to resign as prime minister. On this news, the franc recovered some recent lost ground against the D-Mark, closing at 3.487 against 3.506 a day earlier, while French bonds and futures also gained.

But Mr Juppé is likely to emerge from the affair further weakened politically. After less than five months in office, his popularity rating in the opinion polls has sunk at near-record speed. He is engaged in an uphill struggle to persuade unions of the need for - and financial markets of the credibility of - his deficit-cutting measures.

Mr Bruno Cotte, the Paris prosecutor, said there was "sufficient" evidence to pursue Mr Juppé for "taking and maintaining an illegal interest" in awarding himself a city-owned flat in 1990, when he was deputy mayor of Paris in charge of the city's finances and of its "private" property.

The prosecutor also reprimanded the city authorities for their long-standing cronyism in

renting expensive city-owned apartments to local politicians and their friends.

Mr Cotte said he had written to Mr Jean Tiberi, who has succeeded President Jacques Chirac as mayor of Paris, telling him to remind all Paris councillors and officials that similar abuse would lay them open to prosecution for conflict of interest.

Mr Juppé was spared questions about the affair in the National Assembly and his office refused to comment on the prosecutor's conclusions and ruling.

A CSA opinion poll, published in yesterday's *Le Parisien*, gave Mr Juppé an approval rating of only 32 per cent, while 55 per cent said they disapproved of him.

Any change of prime minister is in the hands of Mr Chirac, who

is himself faring only slightly better in opinion polls.

Of possible successors, Mr Jacques Toubon, justice minister, has run into sharp public criticism for overruling, even trying to sack, the head of the justice ministry's anti-corruption unit, who claimed that Mr Juppé could be open to prosecution for cutting his own son's rent.

A government spokesman suggested yesterday that speculators were attempting to damage the franc to force the government to reduce its budget deficit.

"The markets, mainly British and US, wanted to stage a speculative run on the franc," the spokesman said.

"Well, the government does not want to respond to the criticism. There is little evidence that the sum of Coles' three retailing parts will exceed that of the whole."

Lotus chief executive resigns

Continued from Page 1

industry and gave birth to the IBM PC," he said.

Mr Maazi, who as a consultant with McKinsey & Company helped develop the strategy for bringing Lotus 1-2-3 to market, joined the company as director of marketing in May 1983.

In 1986 he was named chief executive and chairman upon the retirement of Mr Mitch Kapor, Lotus' founder.

Known for his intellectual prowess, sharp wit and strong will, he has ruffled many feathers during his nine years at the head of Lotus.

In particular, he has been an outspoken critic of Microsoft, the industry leader, and he waged a bitter five-year legal battle with Borland International over copyright issues.

Mr Maazi added that the management of Lotus is now in the hands of Mr John Thompson, who is the IBM senior vice-president in charge of software products and strategies.

Simpson faces struggle to rebuild fortune after trial

By Christopher Parkes in Los Angeles

O. J. Simpson's chances of being able to rebuild the fortune drained by the costs of his successful defence against double murder charges have suffered a setback in the face of controversy over the verdict.

Lawyers, jurors and assorted members of the supporting cast in the year-long courtroom drama are preparing to cash in with memoirs, television appearances and lectures, but the main character has been left on the sidelines.

International Creative Management, the second-biggest Hollywood talent agency, which represented Mr Simpson for much of his career and engineered his roles in films such as *Towering Inferno* and a series of car rental commercials, has dropped him.

Mr Jeff Berg, ICM chairman, who last week said his company would not profit from any activities related to the "tragedy", hardened his position this week.

Under pressure from representatives of women's organisations, which have led the public anti-Simpson campaign, he said links with the former sports star were to be cut.

Popular reaction to the verdict, which has revealed still deeper racial divisions in the US, has generated a groundswell of dissent - especially among white women - against anything which might be seen as tending to reward or even rehabilitate Mr Simpson.

Just hours before going live last night on NBC, a leading television network, Mr Simpson cancelled what would have been his first post-trial interview. NBC earlier had stressed that Mr Simpson would not be paid for the interview which was scheduled during the Dateline NBC news and current affairs programme. The network said Mr Simpson's lawyers had decided they could not accept the original terms of the agreement.

Even though a huge audience was assured, the broadcaster said it had not accepted advertisement bookings for the one-hour duration of the planned no-holds-barred questioning. Rates for commercials in other segments of the three-hour show were reported to be only marginally higher than normal.

Without an agent to "sell" him, Mr Simpson is likely to struggle to make headway with commercial ventures he was reported to have planned in the closing stages of his trial. These included a second book, a pay-per-view television appearance and product promotions.

However, Mr Christopher Darden, the black lawyer who drew anonymous death threats for his dogged efforts as a senior prosecutor of Mr Simpson, has signed with a leading Hollywood agency to seek his fortune outside the courtroom. Mr Darden, who had not been seen or heard of since bursting into tears at a post-trial press conference, has become a protégé of the William Morris agency, joining his boss, lead prosecutor Ms Marcia Clark.

Bosnia troops again exploit truce delay

By Laura Silber in Belgrade, Paul Wood in Banja Luka and Bruce Clark in London

Croatian and Bosnian government forces made use of an extra day of fighting yesterday to capture one more town from the Serbs, as the United Nations made a third attempt to secure a ceasefire agreement after two last-minute failures.

UN officials expected a ceasefire to come into force early today, but the delays this week have raised doubts about the durability of the truce, which the US sees as the starting point for talks on a peace agreement.

The two sides were bickering over details yesterday. The Bosnian government rejected the

ceasefire late on Tuesday and counter-proposed a truce in 24 hours' time. The Serbs said they would reply at 7pm last night, but the government insisted they must reply at 4pm.

Exasperated, the US, which arranged the ceasefire, called yesterday for the two sides to lay

Sarajevo's darkest days recede

down their arms as quickly as possible. It insisted gas and electricity supplies, the restoration of which was a precondition for the truce, had been switched on.

"We believe that it's high time that both the Bosnian government and the Bosnian Serbs move quickly, decisively and directly to a ceasefire," said Mr

Nicholas Burns, State Department spokesman. "It appears to us that the gas and electricity have been restored throughout the city... We don't believe there is any reason to wait any longer to implement this ceasefire, certainly not any military reasons," he said.

Bosnian government and Cro-

atian forces used the extra time to take further territory. Relief workers said 40,000 Serbs were on the move after the fall of the north Bosnian towns of Mrkonjic Grad on Tuesday and Sanski Most yesterday.

In nearby Banja Luka, the main Serb stronghold in northern

Bosnia, military officers said lines were being drawn to defend the town against 8,000 Croatian soldiers they believed to be in the region.

Meanwhile, Mr Kris Janowski, spokesman for the UN High Commissioner for Refugees, said he expected Serb authorities in Banja Luka to expel all 20,000 of the Muslims still living in and around the town.

About 6,000 Muslim victims of the latest wave of ethnic cleansing - overseen by the notorious Serb warlord Zeljko "Arkan" Raznjajevic - had arrived in government-held territory by yesterday morning. Refugees said the Serbs had separated the men and taken them away, raising fears for their fate.

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Europe today
An active depression over the UK will bring cloud and rain to Ireland and Scotland. England will remain dry and sunny. The Benelux, Germany and northern France will be foggy in the morning and evening, with sunshine in the afternoon. Southern France and Spain will be sunny and dry. Eastern Spain and south-east France will have thunder showers. Hungary, the former Yugoslavia and the Balkan states will have plenty of sunshine, while Greece and Turkey will have scattered cloud.

Five-day forecast
High pressure will remain almost stationary over the continent bringing sunshine to most of Russia, eastern and south-east Europe. Warm conditions will continue in England, the Benelux, Germany and northern France, with morning fog and afternoon sunshine. Scotland and Ireland will have showers. Showers are expected in England and western parts of the continent by the end of the weekend.

TODAY'S TEMPERATURES

Location	Temp	Location	Temp	Location	Temp	Location	Temp
Abu Dhabi	sun 38	Belgrade	sun 23	Casablanca	cloudy 23	Cardiff	shower 16
Adana	thund 30	Berlin	sun 21	Chicago	sun 26	Cologne	sun 27
Algiers	thund 24	Bermuda	cloudy 27	Dakar	sun 29	Dallas	sun 21
Amsterdam	fair 20	Bogota	shower 19	Dakar	sun 29	Delft	sun 21
Athens	fair 24	Buenos Aires	sun 24	Dakar	sun 29	Dubai	sun 38
B. Aires	shower 17	Budapest	sun 23	Dakar	sun 29	Dublin	sun 18
Bham	fair 20	Chengdu	fair 18	Dakar	sun 29	Dubrovnik	sun 19
Bangkok	rain 30	Cairo	sun 28	Dakar	sun 29	Edinburgh	rain 17
Barcelona	fair 22	Cape Town	rain 14	Dakar	sun 29		

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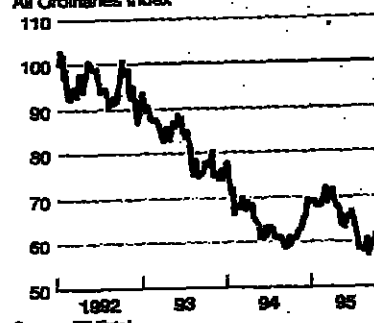
THE LEX COLUMN

Hot Coles

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Coles Myer

Share price relative to the
All Ordinaries Index



Source: FT Data

The logic behind Coles Myer's ambitious restructuring proposals is tenuous. The Australian retailer's move seems more directed at deflecting criticism about its woeful corporate governance record than getting to grips with the business's problems. Coles Myer's lowly stock market rating is mainly due to concern over whether directors are running the group in their own interests rather than those of outside shareholders. Numerous private companies controlled by directors have sizeable business dealings with Coles. The recent sacking of a freshly-recruited independent finance director has heightened investor fears.

The board's proposal to break the business up is a curious way to respond to the criticism. There is little evidence that the sum of Coles' three retailing parts will exceed that of the whole.

Department stores, food and specialty retailing businesses were merged in 1986 and it will be difficult to unwind combined buying, distribution and financing operations. Greater efficiency and higher individual valuations may scarcely cover such costs.

Moreover, Mr Solomon Lew, the chairman, is masterminding the restructuring plan. Given that much of the investor concern has related to relationships between Coles and his private businesses, he is probably not best qualified to reorganise the group. A much better solution to Coles's poor share performance would be to recruit a group of genuinely independent directors who would give confidence that any restructuring would be to the benefit of all shareholders.

Rhône-Poulenc Rohrer

Rhône-Poulenc Rohrer's success in clinching Fisons will help smooth the pharmaceuticals company's rather jagged profile. But RPR still has some way to go to achieve its goal of global strength in a range of product areas.

Fisons is an important piece of the jigsaw. RPR now commands a strong position in the respiratory area, a growth market due to the increase in asthma problems. It is trying to reach the same level in oncology. Its cancer drug Taxotere suffered a set back last year when it failed to gain US Food and Drug Administration approval but it is due to try again. Hopes that the drug will be contributing to profits by 1997 appear well founded.

But there is still a lot of clearing out to be done, as RPR's product range

contains few big earners. Financial constraints will make it difficult for RPR to make further sizeable acquisitions - even if neatly packaged companies like Fisons were readily available. Instead, joint ventures and product deals may offer a slower but still effective path.

There is speculation that RPR's majority shareholder, Rhône-Poulenc, will release value by spinning off its pharmaceuticals subsidiary. While such a move might enhance RPR's attractions, the French chemicals giant does not seem likely to relinquish a business that accounts for a large chunk of its profits.

But even without such a move, the prospects for RPR, once the dilutive effects of the Fisons deal have worn off by the end of 1996, appear to be brightening.

UK banks

The new powerhouse of Lloyds TSB leaves the middle ground of the UK financial services industry looking sparsely populated. The gap between the three dominant forces of Barclays, National Westminster and, now, Lloyds TSB and the second tier of financial institutions has widened, leaving Midland, the Scottish banks, Abbey National and a couple of building societies in a rather awkward no-man's land. This makes a merger or takeover among this group look increasingly likely.

As Sir Nicholas Goodison, TSB's chairman, observed yesterday, size does matter, at least in these particular markets. That is partly because the advent of new technology has pushed up the cost of participating in the

financial services industry. There may still be a place for low-cost regional players, but medium-sized participants face a rise in the ratio of costs to income, depressing returns.

For some, like Abbey, the need to push along diversification is becoming more pressing. But recent consolidation makes it increasingly hard to make inroads into areas such as retail banking. Given the profitability of the sector, this does not mean that anyone will go bust. But it does mean that earnings potential may be impaired, causing shares to underperform, which could in turn leave them more vulnerable to takeover.

Even those in the top tier will face some problems. NatWest is in danger of losing its pre-eminent position in lending to small business. Nonetheless, NatWest and Barclays both appear well positioned, with large market share and earnings outside UK retail banking.

North West Water

North West Water's grand plan to bring together electricity and water supply in the same region now looks likely to become reality. North West's new cash offer, which includes a 150p special dividend, is worth £11.50 per share - much the highest bid in the sector since the March price review. The other bidder, Texas Energy Partners, has little reason to increase its bid yet again given the cheaper opportunities still available in the sector. Since the merger will not reduce competition in either market, a monopoly reference also looks unlikely.

Norweb shareholders will be delighted with the handsome price they are receiving. Whether North West shareholders should be happy at the price their company is paying is another matter. A merger undoubtedly has logic: it reduces North West's dependence on water, tax savings will be substantial and there is scope for cutting costs by sharing functions between the two companies.

But there is great uncertainty over the extent of this cost-cutting - particularly since the company refuses to divulge figures. The deal will only stack up financially at this high price if big savings are achieved. A further risk is that North West is moving into a business of which it has little experience. The record of water company diversification to date is poor. North West shareholders must approve the offer on Friday. They are being asked to take a great deal on trust.

Departures

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078 AUCKLAND

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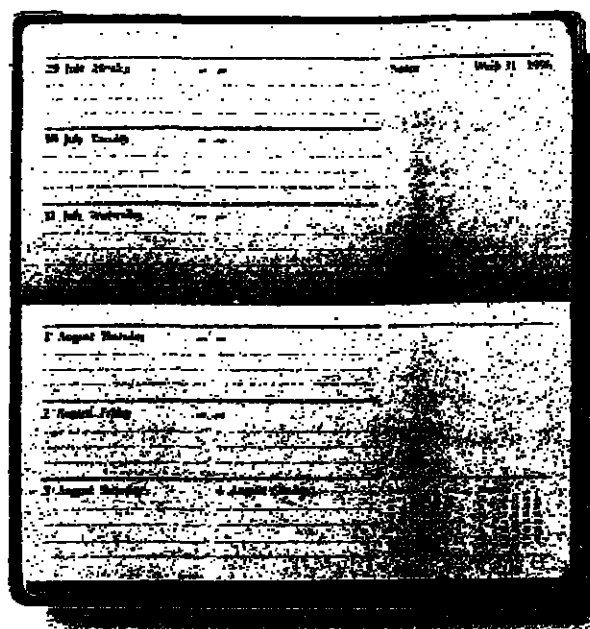
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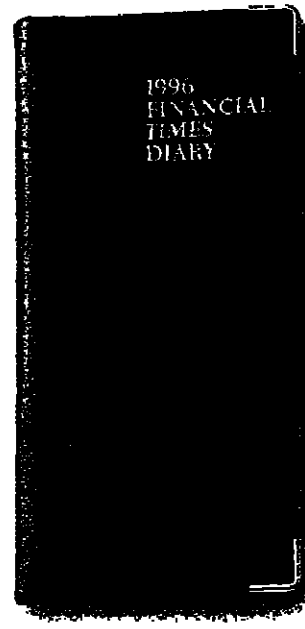
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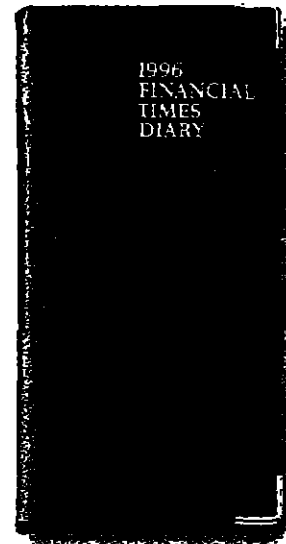
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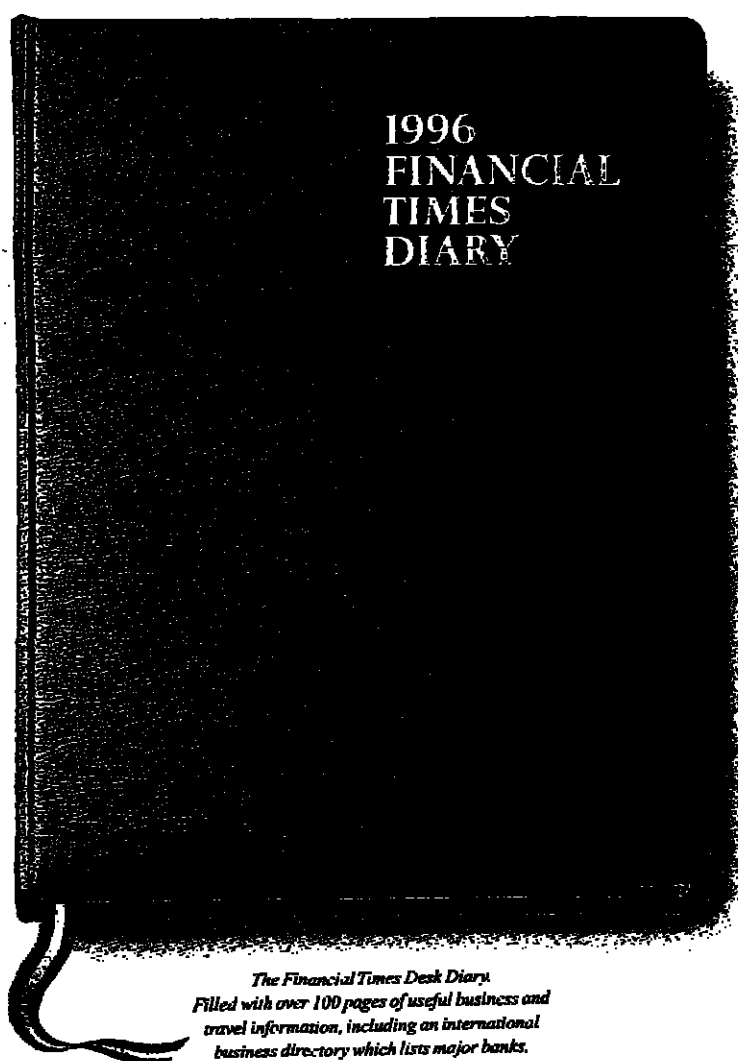
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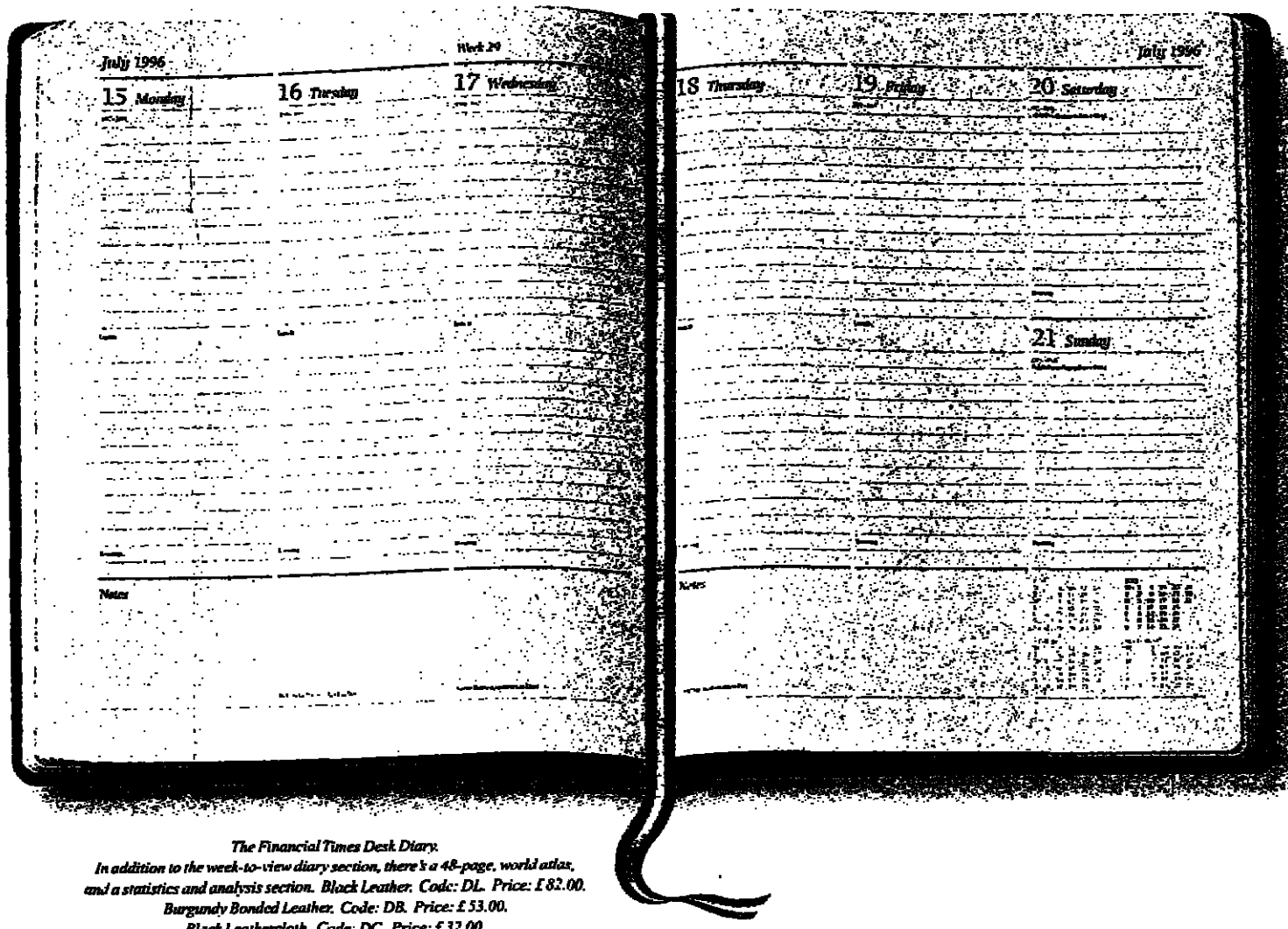
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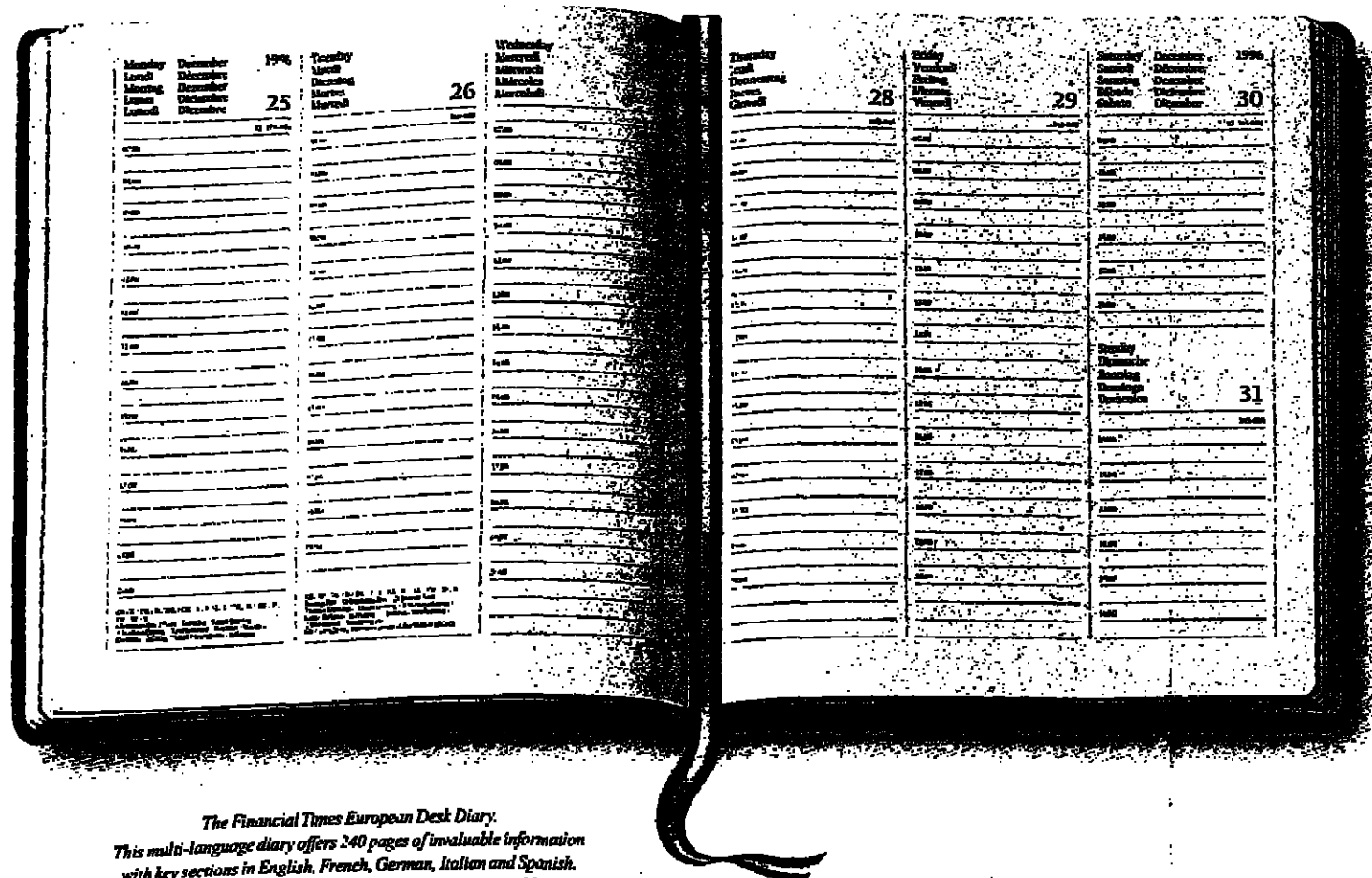
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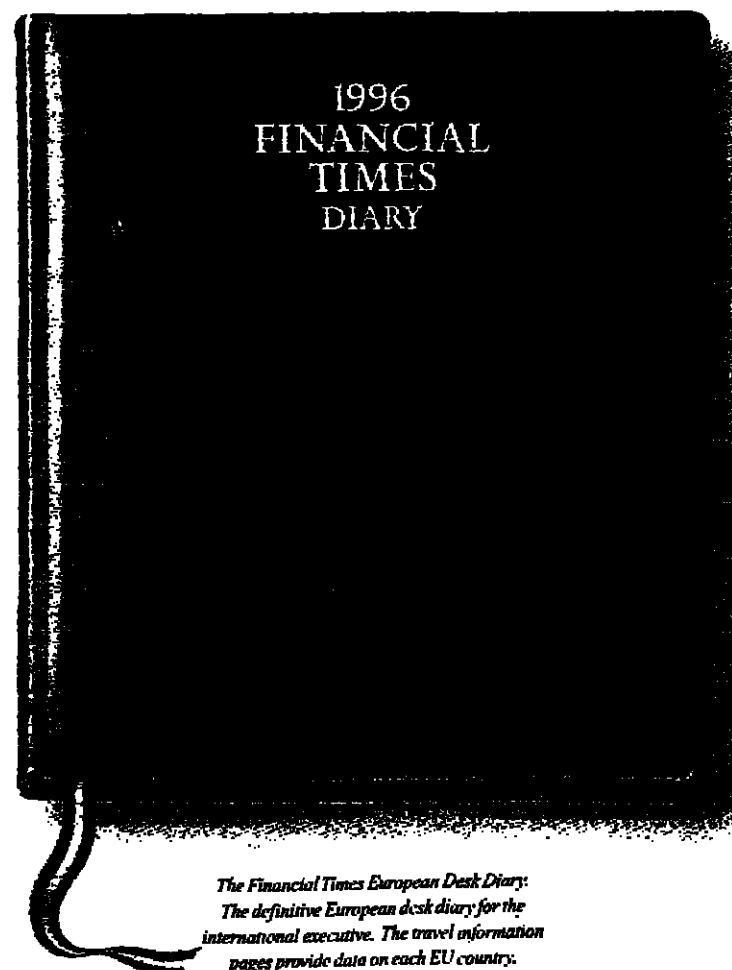
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INTERNATIONAL COMPANIES AND FINANCE

Drug sales put Roche ahead despite currency losses

By Ian Rodger in Zurich

Roche, the world's most highly valued health products group by market capitalisation, has reported a 2.8 per cent rise in sales in the third quarter to SF3.51bn (\$3.06bn), as strong growth in pharmaceuticals offset the continuing negative impact of converting foreign revenues into Swiss francs.

The result for the group, led since 1978 by Mr Fritz Gerber, was broadly in line with investors' expectations. The non-voting certificates broke through a resistance barrier and rose SF145 yesterday to a record SF36.25.

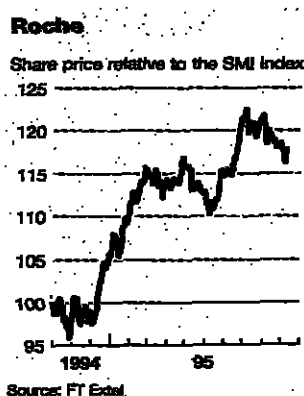
"There has obviously been an acceleration of growth in the third quarter," said Ms Jane Fiskin of brokers Williams de Broë in London. Roche reiterated its August forecast that it would achieve "another increase in consoli-



Fritz Gerber: his company met expectations in third quarter

dated net income for the year as a whole". Net income jumped 15 per cent last year to SF2.85bn and analysts are expecting it to advance more than 20 per cent this year.

Pharmaceutical sales soared 30.4 per cent to SF2.23bn in the third quarter, a signifi-



Source: FT Index

ROCHE: NINE-MONTHS SALES FIGURES				
	1995	1994	Change on year (%)	
	(SF m)	(SF m)	in SF	in local currencies
Pharmaceuticals	6,810	5,888	+16	+29
Vitamins & fine chemicals	2,268	2,408	-6	+4
Diagnostics	495	445	+4	+13
Fragrances & flavours	1,130	1,188	-5	+5
Other	37	56		
Total, ex RBL	10,710	9,983	+7	+19
RBL to 30.4.95	296	758		
Total	11,006	10,739	+2	+14

* Roche Biomedical Laboratories (RBL) was sold to a joint venture effective May 1 and removed from consolidated figures. Source: company

cantly higher rate of growth than the 13 per cent rate achieved in the first half.

Roche said sales volumes for all its leading products were ahead. Growth was also boosted by the \$5.3bn acquisition last year of the US pharmaceuticals group Syntex,

whose figures were consolidated only from November. Roche said the integration of Syntex was "virtually complete".

Cellcept, a Syntex-developed drug for use in transplant medicine, had been well received since its US launch in June.

Non-prescription drug sales in France and Italy have been strengthened by branded product acquisitions.

Sales of vitamins and fine chemicals were down 1.5 per cent to SF771m in the third quarter, but ahead in local currencies. Roche said the divi-

sion posted further volume gains with vitamins, carotenoids and fine chemicals, especially in the far east and Latin America.

Sales in the diagnostics division in the third quarter reached SF1.98bn. No comparative figure, excluding Roche Biomedical Laboratories (RBL), was available. RBL was merged with National Health Laboratories in the US effective on May 1, with Roche retaining 49.9 per cent in the merged company.

Roche said the remaining business of diagnostic systems achieved double-digit growth in a generally contracting market.

Fragrances and flavours sales were down 5 per cent to SF344m in the third quarter, apparently reflecting seasonal weakness after only a 3 per cent decline in the first six months in Swiss franc terms.

EUROPEAN NEWS DIGEST

Snecma deficit leaps at halfway stage

Net losses at Snecma, the French state-owned aero-engine maker, nearly doubled in the first half from FF266m to FF506m (\$102m), was revealed yesterday. Trade union members leaked the results. The structural nature of the problems of Snecma, nearly 80 per cent owned by the French state and theoretically slated for privatisation, was underlined by the fact that total new orders of FF3.5bn taken in the first half was less than the FF4.2bn turnover in the same period. Snecma's plight meant, said unions, that it may have to scale down its 25 per cent stake in the joint venture with General Electric of the US on the GE90 engine, and concentrate on developing derivatives of its successful CFM range of motors. Snecma management is also pushing for a further 2,500 cut in the workforce by 1998, and plans to move headquarters out of Paris to a cheaper site. *David Buchan, Paris*

Bass strengthens Czech presence

Bass, the UK's second largest brewer, yesterday strengthened its presence in the Czech beer market by acquiring a controlling interest in two more breweries. The total price is understood to be close to £14m (\$22m). Bass already had about 10 per cent of the Czech market through its 40 per cent holding in Prague Breweries, the country's second largest brewer. The latest deals will take its share to 16 per cent.

It is acquiring 55 per cent of the equity in Vratislavice, one of the top 10 Czech breweries, and 34 per cent of the equity in Ostrava. Bass is also subscribing for a rights issue at Ostrava, which will take its stake to 51 per cent on completion. Bass is to provide management, technical and marketing support to both breweries and to increase production while "carefully preserving the unique character of the beer". It will also assist Vratislavice in developing its soft drinks business. *Vincent Boland, Prague, and David Blackwell*

Heineken acquires Slovak plant

Heineken, the Dutch brewer, has acquired a 66 per cent stake in Zlatý Bazant, a brewery and malting plant in Hurbanovo, Slovakia. It has acquired 17 per cent of the shares from the Fund of National Property of the Slovak Republic and the remainder through a share issue by Zlatý Bazant. Financial details were not disclosed. The plant, south-east of Bratislava, has about 600 staff and had 1994 sales of FF33m (\$21m). Heineken will extend the brewery's annual production capacity from 670,000 hl to 1m hl and the malting plant's annual capacity from 27,000 tonnes to 60,000 tonnes. The Slovakian beer market is 5m hl a year. *AFX News, Amsterdam*

ICL launches Internet software

ICL, the UK computer company controlled by Fujitsu of Japan, is today launching a service it believes will lead to the creation of global academic online libraries. The new service, ICL Commands, being launched at the Frankfurt Book Fair, brings together a range of software to allow flexible charging and deter copyright theft for publications distributed on the Internet. The first big customer for the new service is Academic Press, the scientific and technical publishing arm of Harcourt Brace, the educational publishers.

Mr Mark Berner, of ICL Multimedia Services, said: "The product offers a whole range of management facilities to make the Internet a commercial proposition rather than just giving the information away for free." Subscribers to scientific journals such as those published by Academic Press will be able to get access to journals in the Worldwide Web with passwords which reflect subscription rates paid. The material will have electronic tags which can be detected if the information is passed on electronically to unauthorised users. Watermarks are left both on screen and on any paper copies printed off. *Raymond Snoddy*

Adidas, the German sports wear group, said it would price shares in its initial public offering on November 13, with trading due to start November 17. Roadshows would start on October 26, with visits to Germany, France, the UK, Netherlands and Switzerland. *AFX News*

Fonditalia, the Italian insurer controlled by Ferfin, said its L557.4bn (\$346m), two-for-five rights issue would begin on October 18. *AFX News*

Share offer boost as SGS-Thomson announces profits

By David Buchan in Paris

SGS-Thomson, the Franco-Italian semiconductor maker, yesterday announced sharply increased third-quarter net profits of \$129m, pushing net earnings for the first nine months of this year to \$358.5m, up 41.5 per cent on the same period last year.

These results will improve the prospects for the 18m share offer which the company has launched on the New York and Paris stock markets, and which is expected to be completed by the end of this month. SGS-Thomson wants to improve its balance sheet, as well as finance heavy capital spending. Last month it announced plans for a FF4bn plant in southern France to make integrated circuits.

Operating profit rose by 59 per cent in the third quarter to \$166.3m, compared with \$104.4m in the same period last year. The company attributed the improvement to increased sales and earnings from intellectual property, which analysts considered an encourag-

ing development. The 40 per cent increase in third quarter sales, to \$913m, was also slightly higher than the 33.7 per cent increase recorded for the first nine months as a whole, in which the company recorded turnover of \$2.58bn.

As a result of the improving trend, research and development expenses of \$109.2m in the third quarter accounted for 11.8 per cent of turnover. That compared with 883m spent in the same quarter of 1994 (12.7 per cent of turnover). Sales, general and administrative costs were \$103.6m compared with \$81.5m in the third quarter last year.

The share offer will not alter control by the majority French and Italian state shareholders, which will retain just over 70 per cent of the shares. Of the 18m shares in the offer, 11.7m are to be offered in the US and Canada and 6.3m shares elsewhere. Of these 7.6m will be newly issued, 6.8m will be sold by SGS-Thomson's holding company, and the balance will come from the sale of the stake sold by Thorn-EMI of the UK.

Philips shaves away at the 'wets'

The world's men divide rather neatly into two groups, at least for Philips, the Dutch electronics group. There are the "wets", or those who shave with water, shaving cream and a safety razor. And there are the "dries", or men who use an electric shaver.

The "dries" are responsible for the success of the Philips electric razor, the best-selling product in the company's history. Fifty-six years after its debut, it has captured 33 per cent of the world's dry shaving market.

But the "wets" are also very important, especially in developing countries. They are the key to future growth, provided, of course, that Philips can convert them to dry shaving.

Even bearded men do not escape the attention of Philips' marketing machine: they are the potential buyers of Philips' line of beard and moustache trimmers.

For companies in the shaver market, the struggle for ascendancy between the wets and dries is not unlike an ideological schism, complete with propaganda campaigns, attempts at conversion and a fundamental split into rival camps.

"It's a basically a systems battle. We try to get to men while they're still young,



Model consumer: Philips wants to convert the world's men

before they start to shave," says Mr Wil van den Berg, managing director of Philips' domestic appliances and personal care (DAP) division.

"We also try to get into our camp those men who are not satisfied with their current shaving system." These men are known in industry terminology as "late converters".

Philips will not confirm analysts' calculations that the Philips is the most consistently profitable product in the group's portfolio, which encompasses light bulbs, medical equipment, compact-disc players and semiconductors.

"You can assume that the Philips makes a very important contribution to DAP and has done so for years," is all Mr van den Berg will say.

It is clear, however, that the electric shaver is the crown jewel at DAP, which, in turn, is believed to produce some of the highest and most stable margins in the entire group. Although DAP's figures are buried within the group's Other Consumer Products sector, the business, spanning coffee machines to hair dryers, generates annual sales of more than FF3bn (\$1.89bn), with Philips shavers estimated to account for at least FF1bn.

That is only 1.6 per cent of group sales of FF161bn, but the shaver's contribution to profits is certainly higher.

Philips shavers are not subject to the same price erosion as other consumer equipment, such as televisions and video cassette recorders, the prices of which continue to fall in spite of the addition of new features.

Since the first Philips electric shaver in 1939, more than 300m Philips shavers have been produced. The shaver is based on rotating shaving heads rather than an oscillating, rounded metal foil, as in other brands. In terms of market share, it is ahead of its main competitor, Braun of Germany, and the two other contenders, Panasonic of Japan and Remington of the US. Ulti-

mately, however, Philips' main rival is Gillette of the US, the dominant company in the "wet" camp.

In Europe, Philips claims a commanding 50 per cent share of the market for electric razors. In the US, where Philips shavers are sold under the Norelco name, it is a couple of percentage points higher.

In spite of the trend in hard-currency countries, such as the Netherlands and Germany, to export jobs and manufacture to low-wage countries, the Philips have continued to be made mainly in the Netherlands.

The shaver factory in Drachten, in the northern Dutch province of Friesland, accounts for more than 90 per cent of annual production of 11m units, most of which are exported.

The rest are produced at a joint venture in China and at a small factory in Japan. In the past two decades, Philips has stopped making shavers in the UK, Spain and Argentina, among other places, and moved production back to the "mother" factory.

Mr van den Berg says: "We have such a heavy structure here and such a high level of know-how it would not seem advisable to change anything."

Production in China is aimed at helping Philips develop the market, where wet shaving is still the norm, says Mr van den Berg. "The Chinese market is 6m to 7m electric shavers a year, of which 5m are local, inexpensive machines. If you simply manage to replace those, you're already talking about a million-plus market."

Ronald van de Krol

Small drugs group in low-risk revamp
E Merck's 25% public offering is true to form, writes Daniel Green

Tomorrow, Mr Hans Joachim Langmann should know how much money will be raised on the world's capital markets for the financial reconstruction of E Merck, the German drugs company he chairs.

That is when the company's financial advisers in the DM2bn (\$1.41bn) public offering - Germany's biggest so far - are scheduled to complete the "book-building" stage, the accumulation of promises by institutional investors to buy specified numbers of shares, depending on the final price.

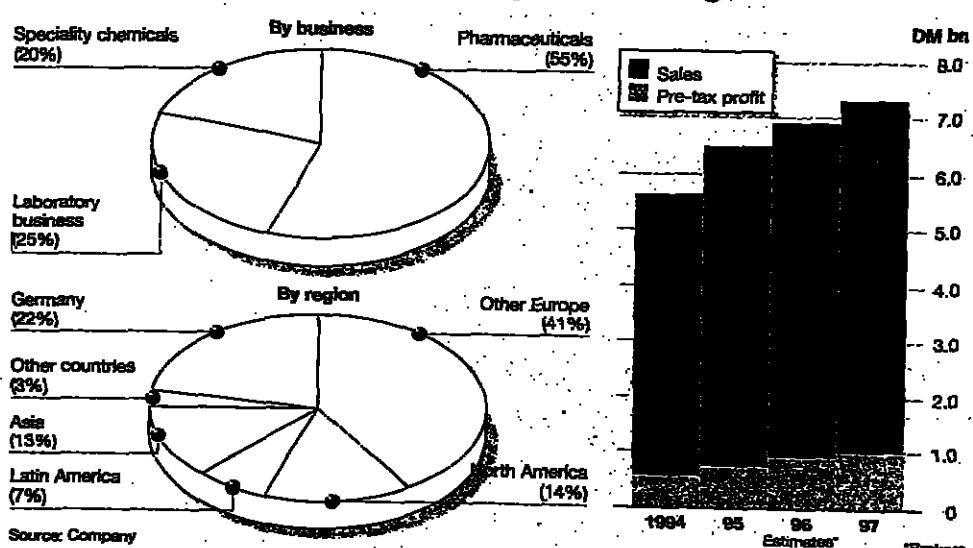
The best deals will go to investors prepared to stay for the long term, says Mr Langmann. His reasoning is at least partly a consequence of the company's ownership structure.

Only 25 per cent of the company is being sold. Control will remain in the hands of the family partners that now run the business, and the family's goals are long term indeed. "The partners can't get out until at least 2005 and not easily until 2020," says Mr Langmann. "There could be a difference of interests between shareholders and partners. People will realise that the real way to earn in shares is keeping them for 10 or 20 years."

Such words seem more blunt in print than coming from the mouth of the avuncular Mr Langmann. A tall conservatively dressed 71-year-old with flyaway white hair, Mr Langmann combines an informality of manner with the kind of self-discipline that persuades him to swim regularly in the North Sea, "if the temperature is over 16°C".

Such self-discipline not only helps the company keep focused on long term returns, but also provides an anchor that keeps the company's disparate activities together. E Merck is not only a medicines company. It is one of the world's biggest providers of liquid crystal technology as well as making materials for the cosmetics industry, pigments, laboratory products, and medical diagnostic equipment. The unusual mix of busi-

E Merck: Germany's biggest initial public offering



nesses will need to be reflected in the eventual price.

So too will the sluggish growth of the drugs side, which accounted for 55 per cent of 1994 sales of DM5.7bn. Between 1993 and 1994 the division's sales grew less than 1 per cent. Germany, which has badly hit by government efforts to control drug spending, accounts for 22 per cent of turnover. The rest of Europe generates a further 41 per cent.

The division also suffers from lack of focus: there are seven businesses, ranging from the manufacture of low-margin generic drugs, through X-ray contrast media - materials that when injected into the body make X-ray images clearer - to advanced new medicines such as a drug designed to cut alcoholics' craving for drink.

Such diversity would be a handful for the world's biggest generic drugs companies, and E Merck was only 38th on the list in 1994, says a report from Scrip, an industry newsletter.

Mr Langmann is unconcerned. "We have always been a medium-sized company. It's not a problem," he shrugs. He makes by the \$500m-plus wave of mergers and acquisitions

that has swept the drugs sector in the past two years, even though many of those deals were driven by the desire for economies of scale.

Research and development spending, for example, is almost \$500m at E Merck. That level of spending "is enough for us", says Mr Langmann. However, industry-wide, \$1bn a year is often cited as a minimum to ensure a flow of innovative new products.

He does concede that economies of scale will play a role in the fate of the company's diagnostics operation. "It is too small," he says. Selling all or part of it is "a real possibility", or it may be put into a partnership with another company.

Such small moves are typical of E Merck. The reason for the cash raising exercise is not to fund a big deal that transforms the company, but to repair the balance sheet after 20 acquisitions or partial acquisitions since 1991. At the end of last year, the group had net debt of DM2.6bn, interest charges of almost DM200m and net cash outflow of about DM900m. A combination of share offer and cash-flow should cut net debt to DM800m by 1997, say analysts.

Further deals are likely because of the company's bias towards European sales, but the solution once again is likely to be small steps. "We will be able to develop our own products into new markets," says Mr Langmann. "We are building up our US position."

The company is weak in Japan but plans to license its products there. "This is a strategy for a company of our size which is not very risky," he says. Nor is it particularly rewarding, say analysts.

The history of E Merck in its 31 years under Mr Langmann has been characterised by cautious growth. Rivals may have moved faster. Some have been more focused, and some have failed.

The company's decision to raise cash using bookbuilding may not have been an accident. Bookbuilding is recognised in corporate financial circles as appealing more to long term shareholders than the traditional public offering, in which the shares are priced to ensure oversubscription and often attract short term investors. In E Merck's case, this is just as well. The company seems unlikely to be an attractive proposition for short term money.

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October 1995

INTERNATIONAL COMPANIES AND FINANCE

AMD hit by decline in chip sales

By Louise Kehoe
in San Francisco

Advanced Micro Devices, the US semiconductor manufacturer, reported sharply lower earnings for the third quarter, well below Wall Street projections, as sales of its microprocessor chips declined.

Sales for the quarter were \$590.4m, up 6 per cent from the same period last year when sales were \$543.1m. Net income for the period was \$66.2m, a decline of 38 per cent from \$84.1m in the third quarter of 1994. Net income per share was 53 cents against 83 cents in

the same period last year. Last month AMD warned that its earnings would be lower than expected due to a decline in revenues from its 486 microprocessors, which have been overtaken by fifth-generation Pentium chips from Intel, the market leader.

Analysts, who had been projecting third-quarter earnings of about \$1.01 a share, lowered their estimates to about 67 cents. The results were, however, far worse than even the most pessimistic projections. AMD said 486 microprocessor unit shipments were flat and prices fell sharply as it tried to

encourage continued use of the chips by personal computer manufacturers. However, the PC industry is shifting rapidly to higher performance Intel Pentium chips and AMD has fallen behind.

Although the company is developing Pentium-class chips, these are not expected to be available until next year. It was unlikely that AMD microprocessor revenue growth would resume until these new devices were available, said Mr W.J. Sanders III, AMD chairman and chief executive.

"We believe the personal computer market is healthy

but many of our customers depleted 486 inventories in the third quarter as the transition to fifth-generation microprocessor-based systems proceeds," said Mr Sanders.

AMD said sales of its other products, led by flash memory, communications and programmable logic chips, recorded strong sales gains, up about 40 per cent over the same period last year. For the year to date, AMD reported revenues of \$1.84bn, up 16 per cent on the same period last year. Net income was \$244.9m, or \$2.53, against \$256.7m, or \$2.54, for the first nine months of 1994.

Internet providers come of age

The planned acquisition of Unipalm, the UK's leading commercial Internet service provider, by Uninet Technologies, its counterpart in the US, signals that the fast-paced Internet service provider market is beginning to mature.

The price being paid by Uninet for Cambridge-based Unipalm - although somewhat below the wildest estimates - confirms the continuing enthusiasm for the relatively few Internet stocks in the wake of Netscape Communications' spectacular debut on Nasdaq earlier this summer.

However, the Internet service providers' market has become increasingly competitive over the past 18 months, leading many analysts to predict an early shake-out similar to those which have reshaped the cellular telephone and other emerging technology-based service industries.

Analysts believe many of the smaller Internet service providers will be forced to merge with larger businesses because of the costs involved in building market share.

The rapid growth of interest in the Internet in recent years has spawned dozens of service providers on both sides of the Atlantic, including some which simply repackage capacity bought from the main Internet service suppliers, such as Unipalm's Pipex subsidiary.

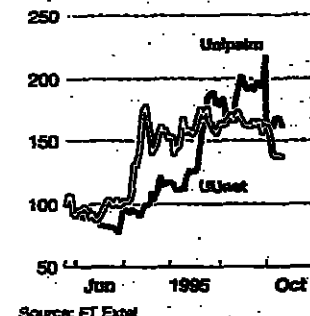
In the UK, there are now several dozen service providers, ranging from small hobbyist operations to large commercial outfits. These include Pipex, which has more than 780 corporate customers, up from 200 18 months ago, and Demon Internet, one of the pioneers of cut-price Internet connections for individuals.

As well as providing dial-up and dedicated leased-line telecommunications links to the Internet, the larger of these service providers - including Unipalm and Uninet - also provide corporate customers with a range of other services, including consultancy. More recently, the surge of commercial interest in the Internet has attracted the attention of the main telecoms carriers such as American Telephone & Telegraph in the US and British Telecommunications, which has recently launched Internet service packages.

Similarly, existing commercial consumer online information service companies such as CompuServe America On-Line and Prodigy have been scrambling to launch their own Internet services in a bid to grow their customer base. However, relatively few companies are making money out of the Internet. For example, Unipalm reported pre-tax profits of just £42,000 (\$67,299) on turnover of £17.7m in the year to end April. Unipalm's software

Internet stocks

Share prices relative to their respective markets.



distribution accounted for \$14m of business and made £153m in profits, while Pipex, which offers the Internet connection, incurred a loss of £1.09m on turnover of £3.76m. The Pipex losses - and the deal with Uninet - reflect Unipalm's strategy of going for growth.

"We always knew that we needed to be global and that it was all about volume and scale," says Mr Christopher Batterham, Unipalm finance director.

Accordingly, Unipalm, which also sells a range of networking and Internet software, has already extended its international presence, and Pipex service is available in 24 countries including many in Europe and Africa.

In America, Uninet, which was formed in 1987, was the

first commercial Internet access service provider. It now has over 8,700 commercial and professional accounts, many of them large US businesses.

By the end of this year, the company aims to provide local dial-up access to the Internet in 230 cities in the US and elsewhere, and the goal is to raise the total to more than 300 cities by the end of next year. Uninet's network infrastructure includes an advanced high speed asynchronous transfer mode (ATM) network backbone.

The company went public in May at an offering price of \$14. For the first half of this year it reported revenues of \$16.9m, up from \$5.1m in the same period a year ago. Net losses for the first half were \$1.4m, compared with a net deficit of \$2.5m in the first half of 1994.

Earlier this year, the company sold a 15 per cent stake to Microsoft. Uninet also entered into an agreement to build the infrastructure for the software group's new online service, Microsoft Network. Uninet's acquisition of the UK company will help it carry out this overseas element of its project.

Yesterday the company said the acquisition represented the "first building block" of a European expansion.

Louise Kehoe and Paul Taylor

Fidelity Magellan trims weighting in technology

By Maggie Urry in New York

Fidelity Magellan, the mutual fund, trimmed its weighting in the technology sector in August, new figures show. Its heavy weighting in technology stocks has helped it to a more than 40 per cent rise in assets so far in 1995.

From a 45.1 per cent weighting in technology stocks at the end of May, the weighting dropped to 41.9 per cent by the end of August. In Tuesday's slump in technology stocks the fund's net asset value dropped \$1.3bn to \$50.1bn.

There have also been big shifts in the rankings of the top 10 holdings in August, with IBM dropping from first place to fifth and General Motors falling from second to ninth, while Chrysler rose from sixth to second.

The Magellan fund, managed by Mr Jeff Vinik, has been a high-profile investor in the

technology sector which has led the US stock market higher this year.

However, the sector has come under pressure in recent weeks as analysts' expectations for earnings growth have raced ahead of the companies' ability to produce rapidly rising profits.

Rumours that Mr Vinik could be selling technology stocks have unsettled the market. However, Fidelity never comments on its portfolio strategy and it is only when it publishes monthly figures on its funds that analysts can attempt to deduce what a fund has done.

Mr Vinik's fund started 1995 with 37.4 per cent of its then \$36.4bn of assets in the sector. With the rise in the market and new money flooding into the fund, its assets have risen to more than \$60bn.

After peaking at 45.1 per cent - which at three times the

weighting of the sector in the S&P500 index, represents a substantial commitment to the technology stocks - the weighting drifted lower over the summer.

At the end of August the proportion of assets held in cash had risen to 3.1 per cent, up from 1.9 per cent at the end of July. This suggests that Mr Vinik was less enthusiastic on the technology sector in the month, although it does not appear that major selling took place.

Of the top 10 stocks, seven of those on the list at the end of May are still there.

Intel fell out of the top 10 in July and Texas Instruments dropped out in August replaced by Columbia-HCA which came in at tenth.

Micron Technology moved up from third to first. Caterpillar, a cyclical stock, rose from 10th place at the end of June to fourth at the end of August.

FMR Corp cuts stake in Apple

FMR Corp, the parent of Fidelity Investments, has cut its stake in Apple Computer from 11 per cent to 2.5 per cent in recent weeks, according to a filing with the Securities and Exchange Commission, writes Maggie Urry.

This is a further sign that the Fidelity mutual fund management group is cutting its weightings in technology stocks.

Apple has disappointed the market this year, plagued by production problems on its personal computers and fading hopes of a takeover.

The SEC filing showed that FMR's holding in Apple had fallen from 13.29m shares reported on July 7, to 3.08m shares.

Apple's shares were up 9 1/2 in early trading yesterday at \$34 1/2, barely above their year's low of \$33 1/2. The shares' high for the year was \$50 1/2.

Fannie Mae ahead for third quarter

Fannie Mae, the largest provider of mortgage funds in the US, earned a record \$597m in the third quarter, up 10 per cent on the \$543m made in the same quarter of 1994. Earnings per share rose from \$1.98 to \$2.17, writes Maggie Urry.

The company, which borrows in the capital markets to buy mortgages from lenders, lifted net interest income from \$728m in the third quarter of 1994 to \$778m, reflecting a rise in the mortgage portfolio from \$214bn to \$240bn.

Although the spread between the interest rate it pays and the rate it receives was tighter in the latest quarter, at 117 basis points compared with 125 basis points a year ago, it was higher than the 113 basis

points made in the second quarter of 1995.

There was a slight rise in guaranty fee income, fees earned when Fannie Mae guarantees the payment of mortgages which it packages as security to back bond issues. These climbed to \$27m from \$26m in the second quarter. The figure was flat against the same period a year ago.

Foreclosures fell, with 3,450 homes repossessed against 3,557 in the same period last year. As a result, the costs of foreclosures and loan losses fell from \$83.3m to \$81.7m year-on-year. For the first nine months, net income was up 10 per cent from \$1.58bn to \$1.74bn; earnings per share went from \$5.75 to \$6.31.

PolyGram arm agrees Venezuelan purchase

PolyGram's Miami-based unit PolyGram Latin America has reached agreement to acquire all of Rodven Records of Venezuela for \$57m, AFX News reports from Amsterdam.

Based in Caracas, Rodven is Latin America's largest independent record business. The purchase will increase PolyGram's share of the \$2bn Latin American music market to 16 per cent from 13.5 per cent.

It will also double PolyGram's share of the Hispanic music market in the US, and significantly increase its business in Colombia, PolyGram said.

Rodven was established in 1980 and has subsidiaries in Colombia, Mexico and the US.

It is currently owned by its founders, Mr Rodolfo Rodriguez-Miranda and the Cisneros Group.

Mr Rodriguez-Miranda will act as consultant to PolyGram Latin America for one year, PolyGram said.

Rodven's assets in Colombia, Mexico and the US will be integrated into PolyGram's existing operations under local management, while a new PolyGram subsidiary will be established in Venezuela. This will be PolyGram's seventh in Latin America.

Mr Carlos Sanchez, Rodven Colombia managing director, will be appointed managing director of the new PolyGram Venezuela, PolyGram said.

Nynex and IBM to develop joint network

Nynex, the US telecoms group, and International Business Machines are to jointly develop a computing network aimed at the business market, that carries voice, data, image and video to the desktop, Reuters reports from New York.

Newbridge Networks Corp will work with Nynex to enhance the business services. As part of the deal, Bell Atlantic, the US telecoms company, and Nynex will introduce a high-speed data channel

linking businesses in New York City and northern New Jersey from early 1996. Pacific Telesis, another telecoms group, and Nynex will work on a similar link.

The alliances were announced as part of Nynex's strategy, called Inpower, which includes local area networks, shared software, messaging, Internet access, applications software accessible from the network, and systems integration to manage this for cus-

tomers. Nynex will provide the network components that will allow asynchronous transfer mode (ATM) technology to be used. ATM is an emerging standard for rapid data and broadband transmission over coaxial cable and fibreoptics.

But with legislation opening up more of its markets, Nynex has deeper aims through its alliance.

"Nynex must aggressively enter new markets through information technology alli-

ances that provide abilities our customers are asking for," said Mr Ward McKenzie, Nynex vice-president for business networks.

Analysts have noted that companies such as MFS Communications have successfully poached some of Nynex's most precious Manhattan business clients by focusing on data networks.

They see the latest deal as giving Nynex a powerful capability to strike back.



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INTERNATIONAL COMPANIES AND FINANCE

The Latin American connection

Stet International is nurturing a strategic presence, writes Sally Bowen

The aggressive winning bid by Stet International of Italy for Entel, Bolivia's state telecommunications company, provides a boost for the government's ambitious capitalisation programme. It also marks a new phase in the struggle for position in the potentially lucrative Latin American telecoms market.

Bolivia could be viewed as something of a consolation prize for Stet in its quest for international expansion: the Italian company has recently lost bids in both Hungary and Czechoslovakia.

Latin America, however, looks more promising for the state-controlled enterprise which is itself set for privatisation.

Stet has an important stake in Telecom Argentina and, through its subsidiary Telecom Italia, in Chile's VTR telecommunications. Most recently, Stet lodged the highest bid for the 20 per cent private placement of Entel Chile shares.

Analysts say that, with its Bolivian acquisition, Stet is strategically positioned in the geographical centre of Latin America, with all the advantages that implies for satellite communication and fibre optic links.

It could also emerge as an important player in the forthcoming privatisation of the vast Brazilian telephone systems.

Stet's bid valued Bolivia's Entel at \$1.22bn and was more than double the offer from runner-up MCI of the US. "It was certainly a very good bid, but within our expectations and projections," said Mr Doyle

Bolivian telecommunications

Telephone lines in service	Urban telephone density
Number	Lines per 100 households
83,000	8.88
60,000	7.55
33,000	7.16
13,000	6.31
10,000	7.0
7,250	6.35

Source: Stet 1994

Gallegos, senior adviser to Bolivia's capitalisation ministry for the Entel transfer. Entel's gross revenues in 1994 were \$16m; net earnings before exceptional items were \$30.5m.

Telefónica de España, widely expected to be a strong contender, disappointed Bolivian officials with an offer of just \$182.5m. Telefónica has built up a strong presence in Latin America in the past couple of years, culminating in last year's \$2bn purchase of a 35 per cent controlling stake in Peru's telecommunications sector.

Stet's bid was almost as far ahead of rival offers as Telefónica's for the Peruvian telecoms in February 1994. Stet clearly placed a higher value on Bolivian potential than did rival bidders.

The Italians may also have been less nervous than other potential partners over possibly tortuous relations with the Bolivian telephone co-operators, which handle local services.

Stet has a strong and agile

Bolivian partner lined up in Mr Fernando Campero, a respected former minister who set up the country's first cellular operation. He is expected to take a key minority stake in the new company.

"The purchase price looks attractive for Stet even though the second highest bidder, MCI, offered only half as much," said Solomon Brothers in an assessment of the purchase. It calculated the price at 3.1 times 1994 pro forma revenue and 6.6 times operating cash flow.

For its \$610m, Stet acquires a six-year monopoly and a 40-year concession over long-distance and international services, plus cellular, paging and cable licences. Distorted rates will be adjusted. In return, Stet is contractually bound to improve Bolivia's level of telephone penetration, currently the lowest in Latin America with around four lines per 100 inhabitants.

Stet is committed to doubling the 243,000 access lines in

service, and providing telephones for every community of 300 inhabitants or more. Installation and repair time are also to be substantially reduced.

Analysts expect rapid post-capitalisation expansion in both fixed-line and cellular services. Demand for telephones has consistently outstripped GDP growth which, in Bolivia, has been a steady 4 per cent for the past decade.

Stet's offer came under the Bolivian government's idiosyncratic capitalisation programme.

Unlike standard privatisation procedures which give a one-time boost to treasury revenues, six of Bolivia's leading state companies have been offered to "strategic partners". These pledge investment equivalent to the value of 50 per cent of the new company.

The Entel capitalisation is the second in a series of six. Three power generation companies were capitalised in June for a total of \$145m.

Next on the timetable is state airline Lloyd Aereo Boliviano (Lab), to be followed by Enfe, the state railway, the Vinto smelter complex and - the most glittering prize - oil and gas company YPFB.

So far, capitalisation has raised some \$780m. The programme is due to be completed by the end of next year.

Existing shares in each of the capitalised companies will be deposited in pension funds in the individual names of all adult Bolivians, probably during 1996. A restricted number of companies will be authorised to provide fund management services.

AMERICAS NEWS DIGEST

Halliburton spins off insurance unit

Halliburton, the US oilfield services company, plans to spin off its Highlands Insurance Group unit to shareholders by the end of this year.

It will distribute to its shareholders one Highlands common share for every 10 Halliburton common shares held. The distribution dates will be set later this year.

Halliburton and Highlands have entered into definitive agreements with Insurance Partners L.P., a private investment group. Insurance Partners and Highlands management will invest \$60m in Highlands on completion of the spin-off, in exchange for debentures and warrants. These will allow Insurance Partners to acquire up to about 43 per cent of Highlands common shares for about \$130m.

Halliburton will not receive a cash dividend or securities from Highlands in connection with the deal.

When the spin-off is completed, Mr Richard Haverland will become chairman and chief executive of Highlands. He has more than 25 years of insurance industry experience.

The spin-off of Highlands will complete Halliburton's divestiture of its insurance services business segment. A life insurance company was sold in 1988, and a healthcare management company was sold in 1992.

AP-DJ, Dallas

Alberta's Syncrude stake sold

Torch Energy Advisors of Houston, Texas, has bought the Alberta government's 11.7 per cent stake in Syncrude, the world's biggest synthetic oil producer, for C\$362m (US\$263m). Torch will finance the deal - which will leave the Alberta government with no equity in Syncrude - by raising C\$265m, partly from the markets.

Syncrude supplies about 12 per cent of Canada's domestic crude oil market. It strip-mines oil sands in northern Alberta and extracts and processes bitumen into oil for use in an Edmonton refinery. The company is profitable at current low oil prices, and plans to expand production from 190,000 barrels a day to 217,000 barrels.

Torch is headed by Texas financier Mr J. P. Ryan, who also owns 25 per cent of Gulf Canada. Gulf already owns 9 per cent of Syncrude, while Imperial Oil (Exxon) has a 25 per cent stake. Petro-Canada has 12 per cent and Murphy Oil of the US, 5 per cent. The 11.7 per cent Syncrude stake will be rolled into Athabasca Oil Sands Trust, which will make the public offer of special units. Gulf Canada will buy 20m units for about C\$300m. The balance will be sold to the public.

Robert Gibbens, Montreal

Goodyear steady for third term

Goodyear Tire & Rubber expects third-quarter net income of between \$153m and \$158m, or \$1.01 to \$1.04 a share, compared with \$151.3m, or \$1.01, a year earlier. The US tyre company said its third-quarter sales should exceed \$3.2bn, against \$3.12bn in the 1994 period.

It said its results reflected continued strength in Europe and reductions in selling, administrative and general expenses.

AP-DJ, Akron, Ohio

Bank of Boston acquisition

Bank of Boston is to acquire Boston Bancorp and its South Boston Savings Bank subsidiary for about \$40m more than the adjusted net book value. The purchase price will be paid in Bank of Boston common stock, valued at the time of closing, the company said.

The companies estimate that Boston Bancorp shareholders may receive between \$39.50 and \$42.50 a share of Bank of Boston stock.

Reuter, Boston

Sea Containers' new deal

By Mark Ashurst

Sea Containers, the Bermuda-based leisure, ferry and container leasing group, has acquired a 19.9 per cent stake in the Charleston Center, North Carolina. The property, acquired for an undisclosed sum, is the second purchase in a \$60m investment programme for the leisure division.

Last month, Sea Containers acquired New York's celebrated 21 Club, a former speakeasy once favoured by F Scott

Fitzgerald and famed for its power lunches. The Charleston Center comprises the 440-room Charleston Palace hotel and shopping complex. Mr James Sherwood, president of Sea Containers, estimated turnover at about \$30m. He said the group would upgrade the four-star hotel.

It would be managed by Orient Express Hotels, a wholly-owned subsidiary of Sea Containers whose properties include the Hotel Cipriani in Venice.

Blackstone extends links

By Nicholas Denton

Blackstone Group, the US corporate finance boutique, has extended its international network through an alliance with Skandinaviska Enskilda Banken, the Swedish bank.

The two institutions have agreed to form an alliance to provide advice on the increasingly frequent cross-border mergers and acquisitions involving companies in the US and Nordic countries.

Enskilda joins institutions such as Nikko Securities of Japan, Hambro Magan of the UK, Banque Indosuez of France and Sal. Oppenheim of Germany, which have linked with Blackstone to handle cross-border transactions.

Blackstone, and a few other loose international alliances, such as the three houses which make up Lazards, have stood aside from the global trend towards integrated institutions which cover a wide area of businesses from M&A to securities trading.

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At the Annual General Meeting held on September 26, 1995 it was decided to pay a dividend of USD 0.24 (cents) per share on or after October 24, 1995 to shareholders of record on October 3, 1995 and to holders of bearer shares upon presentation of coupon no 21.

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ZERO COUPON LATIN AMERICAN EMERGING NOTES DUE 13TH, OCTOBER 1995

Notice is hereby given to the Noteholders that the Final Redemption Amount applicable upon redemption of each note is : USD 100,000 per denomination of USD 100,000

Payment of Principal is made on October 13th, 1995 in accordance with Condition 6 "Payment" of the Terms and Conditions of the Notes.

The Principal Paying Agent
SOGENAL - SOCIETE GENERALE GROUP
15, Avenue Emile Reuter - LUXEMBOURG

U.S. \$200,000,000
American Express Bank Ltd.
Floating Rate Subordinated Capital Notes
Due 1998

Notice is hereby given that for the Interest Period 13th October, 1995 to 16th January, 1996 the Notes will bear interest at the rate of 6 1/4% per annum. The interest payable on 16th January, 1996 against Coupon No. 35 will be U.S. \$159.98 per U.S. \$100,000 Nominal and U.S. \$3,899.57 per U.S. \$200,000 Nominal.

DATED THIS 12TH DAY OF OCTOBER, 1995.

Principal Paying Agent
ROYAL BANK OF CANADA
EUROPE LIMITED

CREDIT COMMERCIAL DE FRANCE
FLOATING RATE NOTES DUE 1998
ISIN CODE : XS0047999802

For the period October 11, 1995 to January 11, 1996 the new rate has been fixed at 7.21875 % P.A.

Next payment date : January 11, 1996

Coupon n° 8

FRF 184.48 for the denomination of FRF 100,000
FRF 1,844.79 for the denomination of FRF 1,000,000
FRF 18,447.92 for the denomination of FRF 10,000,000

THE PRINCIPAL PAYING AGENT
SOGENAL - SOCIETE GENERALE GROUP
15, Avenue Emile Reuter - LUXEMBOURG

ANZ Bank
Australia and New Zealand
Banking Group Limited
ACN 005 357 511
(Incorporated and having its principal office in New Zealand)

U.S. \$250,000,000
Floating Rate Notes due 1998

Notice is hereby given that for the Interest Period 11th October, 1995 to 11th January, 1996, the Notes will carry a Rate of Interest of 6.0375 per cent. per annum with an Assessor of Interest of U.S. \$1,852.50 per U.S. \$100,000 Note and U.S. \$4,631.25 per U.S. \$1,000,000 Note. The relevant Interest Payment Date will be 11th January, 1996.

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October, 1995

CONTRACTS & TENDERS

REPUBLIC OF VENEZUELA MODERNIZATION OF THE JUDICIAL SECTOR INVITATION FOR THE EXPRESSION OF INTEREST

The Consejo de la Judicatura of the Republic of Venezuela has received a loan from the World Bank (US\$30 million equivalent) to finance the procurement of goods and services under Judicial Infrastructure Project No. 3514-VE. The fundamental objectives of the project are to reduce the social and private costs and improve the management and efficiency of the Venezuelan Judicial System. The project has four components: (a) institutional modernization of the Consejo de la Judicatura; (b) modernization of the administration of the courts; (c) strengthening of the Judicial School; and (d) construction and rehabilitation of judicial buildings. The components (a), (b), and (c) are being financed by both the Government of Venezuela and the World Bank, while component (d) is being fully financed by the Government of Venezuela.

The purpose of this announcement is to solicit institutions and organizations of eligible member countries of the World Bank and consulting firms and individual consultants, both national and international, that have experience in the diagnostics, design, implementation, and evaluation of judicial systems and the modernization of the judicial sector, and who are interested in being included in the corresponding selection process. Based on the information received, the Consejo de la Judicatura will prepare one or more short lists of applicants that will be invited to present proposals. The letter of invitation will include the terms of reference, contractual conditions and the contract form.

The areas of consultancies may include the following:

- * judicial sector policy formulation and advice; laws and judicial procedures; judicial institution restructuring; strategic planning and coordination; judicial statistics, budgeting and accounting; judicial salary and incentive system; human resource management; management information system; judicial fees and other costs; access to justice; access to information; judicial decentralization; monitoring of efficiency and quality of the judicial system; etc.

- * organization and structure of the courts, their system of accounting, organization of judge's workload, legal database system, case management (including distribution, recordkeeping, notification); alternative dispute resolution mechanisms; computerization; security and maintenance of judicial buildings; architectural design of judicial buildings; space utilization of courts; etc.

- * training for judges, public defenders, counsels, and other officials; curriculum design; identification and design of short courses and specialized seminars; research and statistical analysis; judicial surveys; promotion and communication; etc.

The contracting of consultant services will be carried out in accordance with Norms of the World Bank for Use of Consultants, August 1981.

Those interest in one more of the areas mentioned should send available information regarding their capability and experience in the following outline form:

- Structure of the institution, organization, firm etc.
- Experience in work similar to that explained above.
- Experience in Latin American and other countries.
- Curriculum vitae of key people (applicable to individual consultants, with experience in one or more areas explained above), and degree of proficiency in the Spanish language.

The information should be sent before October 25, 1995 to:

Dra. GISELA PARRA MEJIAS
Magistrado of Consejo de la Judicatura
National Director of the Judicial Infrastructure Project
Project Implementation Unit
Avenida Urdaneta, Esquina de Candilito,
Building Doral Centro, Tower "C", 4th Floor, Office No. 42
La Candelaria, Caracas, Venezuela
Telephone: (Code 582) 576-3637. Facsimile: (Code 582) 561-3169

INTERNATIONAL COMPANIES AND FINANCE

Buoyant demand prompts NEC to raise PC forecast

By Michio Nakamoto
in Tokyo

NEC, the Japanese computer and electronics maker, yesterday made a sharp upward revision of its projected personal computers sales this year because of buoyant demand at home and abroad.

It now expects unit sales of its PCs to increase 65 per cent from last year's level to 3.56m units, compared with an April forecast of 2.75m units.

The revised forecast highlights the strength of NEC's operations in Japan in the face of a fierce challenge by US computer manufacturers to its dominance of the market.

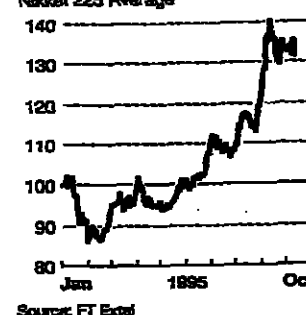
NEC, whose PCs use a proprietary standard, has more than a 50 per cent share of the Japanese market. The growing popularity in Japan of IBM-compatible machines, which were launched there at low prices, had been putting growing pressure on the company.

NEC has increased the proportion of foreign-procured parts to lower its prices. On average, its PCs carry about 50 per cent of foreign-procured parts from the US and Asian countries.

This year, domestic unit sales are expected to grow 66 per cent to 3m units on

NEC

Share price relative to the
Nikkei 225 Average



demand from corporate and individual users. Overseas sales are being supported by firm demand in the US for NEC's multimedia PCs, which have been particularly popular among retailers.

Unit sales overseas are forecast to increase 50 per cent to 550,000 units. Exports, however, are expected to fall sharply as a result of the shift of production outside Japan.

The declining prices of PCs, however, has meant that on the basis of sales value, NEC expects a smaller increase in the current year.

Overall, PC sales will increase 25 per cent from ¥755bn to ¥940bn (¥9.3bn). NEC said.

Domestic sales are forecast to rise 26 per cent to ¥700bn, while overseas sales are expected to increase 20 per cent to ¥270bn.

Ms Naoko Ito, industry analyst at Goldman Sachs in Tokyo, said NEC's dominance of the market owed much to its formidable distribution and service support operations. The company has 7,000 dealers nationwide and 80 additional service support bases.

In Japan, where many consumers are first-time buyers or relatively inexperienced users of PCs, an established name and strong service support are important in winning customers.

While Ms Ito believes US makers of IBM-compatible machines will gradually increase their domestic share she said they would have to work on building up their distribution and service support networks.

For example, Fujitsu, which has strong networks, has emerged recently as NEC's biggest competitor on a low-price marketing campaign.

Fujitsu also revised its PC unit sales forecast in June from 1m units to 1.3m units and has set an internal target of 1.5m units. This is more than triple its PC shipments last year of 450,000 units.

Reliance Industries ahead 33% at halfway

By Shiraz Sidhu
in New Delhi

Reliance Industries, India's largest private sector company, registered a 33 per cent increase in net profit from Rs4.77m to Rs6.33m (US\$17m) in the first six months to September 30.

The textiles and petrochemicals conglomerate said sales increased 20 per cent from Rs32.94bn at last year's interim stage to Rs39.66bn this time.

In the late 1980s, Reliance embarked on capacity expansion programmes in its core textiles and petrochemicals businesses in order to exploit the growing market for synthetic textiles, polyesters and plastics.

The company has so far incurred capital expenditure of Rs3bn to improve capacity in its textiles products. It is setting up a purified terephthalic acid project at Hazira, with a capacity of 350,000 tonnes a year.

Infosys Technologies, the Bangalore-based software company, yesterday reported a 45.3 per cent increase in net profit, from Rs55.5m to Rs80.1m for the six months to September. Turnover rose 60.7 per cent to Rs389.3m. Infosys was founded by seven software engineers in 1981 and now has a list of international customers that includes Holiday Inn and Nordstrom, the US retail chain.

Worse outlook for Japanese life insurers

By Gerard Baker in Tokyo

Standard & Poor's, the US credit-rating agency, said yesterday it had revised downward its industry outlook for Japanese life insurers as a result of sluggish earnings and declines in asset values.

The agency said life insurance companies were "troubled by the persistent negative spread in some savings products, the inability to source low-risk assets that yield appropriate returns to match liabilities and deterioration in loan asset quality".

The outlook for the industry had been generally depressed by the country's protracted economic downturn and weak returns on insurers' investments.

Furthermore, a declining stock market had substantially reduced the amount of unrealised gains on securities held by life insurance companies.

Last week Moody's said it was downgrading the financial strength ratings of three of the leading life insurers.

S&P currently rates life insurance companies in a range between BBB and A, in line with the leading Japanese banks.

David Jones float to cut debt

By Nikid Tait
in Sydney

David Jones, Australia's second largest department store retailer, plans to use almost all the proceeds of a \$800m (US\$606m) public float next month to repay debts.

The shares are being sold by DJL Limited, part of the troubled Adsteam group of companies.

The company, which operates 29 department stores, had already indicated it planned to go ahead with a stock market flotation, but details of the offer were only revealed yesterday.

The public will be offered shares at \$2.15 each. Institutions, however, will be invited to bid for stock in a range of \$1.95 to \$2.15 a share.

In the event that the

institutional price is set below the fixed offer price, private investors will receive a refund.

There are 375m shares for sale, suggesting that the process will raise between \$731m and \$806m.

In its prospectus, David Jones forecasts a 6 per cent increase in sales during 1995-96, to \$1.33bn - made up of a 3 per cent rise on a comparable store basis, and the remainder from new floor-space.

However, Mr Chris Tideman, chief executive, cautioned that "due to relatively subdued retail trading conditions experienced in the opening weeks of 1995-96, David Jones expects comparable store sales to be weaker in the first quarter, than for the full year".

The company, which expects to account for 12.8 per cent of the department store sales sector, said earnings before interest and tax should rise by about 10.6 per cent to \$111m in the current year to July 1996.

After net interest charges of about \$10m, this would leave pre-tax profits at \$101m and after-tax profits at \$94.6m.

Forecast earnings per share are 17.2 cents, giving a price-earnings multiple of 12.5 times at the fixed offer price.

David Jones also forecast a 12 cents a share dividend, offering a yield of 5.6 per cent at the fixed offer price.

The company, which was set up by a Welsh-born retailer in Sydney in 1838, is looking to open new, or replacement stores at a rate of about two a year in the medium term.

CSR warns of profits decline

By Nikid Tait

CSR, the building products, aluminium and sugar group, yesterday joined the lengthening list of Australian companies warning that the slow-down in the country's housing market would lead to a dip in profits.

CSR said it expected trading profit for the half-year to end September to be about 15 per cent below the corresponding period last year, while the reduction after abnormal items would be about 10 per cent.

In the first half of 1994-95,

operating profit before interest and tax was \$406.4m (US\$307.8m) and net profit both before and after abnormal items was \$225.2m.

CSR said three businesses had been adversely affected by reduced demand from the housing and construction markets - building materials, construction materials and its timber products division. On the last score, it noted that prices for softwoods had fallen by 15 per cent and demand for wood panel products had fallen.

The company also warned that three weeks of unseason-

able wet weather had affected its sugar operations, increasing costs and reducing mill efficiencies. "However, the major impact was to defer production and about \$10m of after-tax profits from the first half to the second half-year," it said.

CSR added that intense competition in the Australasian refined sugar markets would cause this business to record a small loss for the half year.

However, he said the aluminium operations would see record half-year profits, due to good prices, as would the North American businesses.

Overnight star lands new city role

Kieran Cooke on the resurgence of Malaysia's Renong group

Things are stirring in the plantations and farming lands of the southern Malaysian state of Johor. The planners are moving in to begin work on what is claimed to be the biggest private property project in south-east Asia.

A new city is being built on a 27,000 acre site and a second bridge linking Malaysia to Singapore is being constructed nearby.

Behind both projects is Renong, a Malaysian conglomerate that is fast achieving blue chip status on the local market. "It seems to be Renong's decade," says a Kuala Lumpur broker.

It is heady stuff for a company that began life as a London-listed tin dredging concern earlier this century, later lapsing into relative obscurity as an investment holding company. But Renong has some powerful friends.

Politics and business go hand in hand in Malaysia. In 1980 Renong acted as the vehicle for a reverse takeover of two concerns which controlled the multi-million dollar assets of the United Malays National Organisation (UMNO), the country's dominant political party. Overnight the company was transformed into one of the country's biggest groups. Renong still retains close links with the country's political elite.

Mr Halim Saad, a 42-year-old billionaire, controls more than 30 per cent of Renong. Mr Halim is seen as a close associate of Mr Daim Zainuddin, a former finance minister and one of Malaysia's leading corporate wheeler dealers who acts both as treasurer of

UMNO and special economic adviser to the government.

Renong now has 13 listed subsidiaries and associate companies plus more than 100 private concerns covering oil and gas operations, telecommunications, hotels and financial services. But infrastructure development is the key to company fortunes.

Malaysia is in the midst of an ambitious infrastructure development programme designed to eliminate bottlenecks in the high-speed economy and propel the country into the league of industrialised nations by the year 2020.

Renong and its associated companies have won a large share of the work in the infrastructure sector. United Engineers Malaysia (UEM), a listed subsidiary, won the contract to construct the 845km North-South Highway project stretching the length of peninsular Malaysia on a build, operate, transfer (BOT) basis, with a 30-year concession period.

UEM is also constructing the Malaysian side of the new M22.2bn (US\$890m) bridge with Singapore; other work includes a M\$54m contract to build a national sports complex for the Commonwealth Games, due to be held in Kuala Lumpur in 1998.

Another Renong subsidiary has been given a M\$4.35bn contract to build and operate the second phase of a light rail transit system in the Malay-

sian capital. But it is the new city development in Johor which has turned Renong into one of the star performers this year on the Kuala Lumpur market. In February Renong shares were worth less than M\$2.50. This week they have been trading around M\$4.20.

Due to its proximity to Singapore, the state of Johor has been growing faster than the rest of Malaysia and land prices have been rising fast.

Prolink, a private company 65 per cent owned by Renong, paid less than M\$1 a sq foot for the land for the new city under prices controlled by Malaysia's land acquisitions act. A few months after acquiring its massive landbank, Prolink is now selling off sections to be developed at M\$17 per sq ft.

There are hopes that the new city - called Nusa Jaya - will attract investors from land-short Singapore, where prices of M\$700 a sq ft are not uncommon. The plan is not only to encourage the new city, many of Singapore's industries could also relocate across the causeway in Malaysia.

"What Shenzhen is to Hong Kong so Nusa Jaya will be to Singapore," says a Singapore property developer. "Renong has its hands on the hottest piece of land in Malaysia."

Renong has built up a reputation as a group which can deliver complex projects on time. Analysts say it is well managed and has built up a sound operating structure.

But the group has its critics. Opposition politicians allege political patronage rather than corporate expertise has led to the rise in Renong's fortunes. Many projects have been awarded without a tendering process; companies complain there is no transparency in the system.

Much of Renong's income at present comes from toll collection on the North-South Highway. The highway was completed last year more than 12 months ahead of schedule. But at M\$7bn, it cost nearly twice the original estimate: tolls are likely to be raised more than 30 per cent soon to cover financing and maintenance costs. Motorists and transport firms are accusing Renong of highway robbery.

The Renong group has gone through numerous restructurings and internal share swap exercises; minority shareholders in its various companies have accused management of ignoring their interests. Meanwhile the Johor city project has run into problems. Some of those forced to sell land cheaply are taking court action. Political infighting could put the project in jeopardy.

Undaunted, Renong is spreading its wings outside Malaysia. It recently purchased a controlling interest in the Manila Hotel, one of the Philippines most prestigious properties. In Vietnam the group is building an export processing zone near Hanoi and in Indonesia and the Philippines, Renong is pursuing toll road contracts.

مكتبة الأصيل

Merger plan buoys Lloyds, TSB shares

By John Gapper,
Banking Editor

Shares in Lloyds Bank and TSB Group leapt yesterday after the banks' proposal for a £13.6bn (\$21bn) merger received an enthusiastic reception in the City, and the possibility of another bank making a counterbid for TSB receded.

The banks estimate that they could save about £350m a year - or 10 per cent of combined costs - within four years. Analysts said the figure could be an underestimate. They were encouraged by the potential for cost savings from combining technology and back office operations. Lloyds shares closed 49p up at 769p, while TSB shares closed 19p up at 389p.

Sir Brian Pittman, Lloyds' chief executive and the putative chief executive of the

merged group, said Lloyds TSB would soon face a renewed choice of returning excess capital to shareholders through a share buy-back, or seeking a further acquisition. "It will not be long before we have surplus capital once more," he said. The merger would be effected through a scheme of arrangement under which Lloyds shareholders would own 70.6 per cent of the combined group and TSB shareholders would own 29.4 per cent.

The scheme of arrangement will switch existing shares in the banks into shares of Lloyds TSB on the basis of one new share for each TSB and 2.704 new shares for each Lloyds. In addition, TSB shareholders would gain a special dividend of 68.3p net per share. This dividend would largely be paid out of TSB's capital reserves at

Lloyds TSB: opening statement			
Capital resources	£8,000 (£8,500 C&G staff)	26,000	
Assets (approx)	£9,000 (£9,500 including C&G)	27,000	
Number of branches	1,800 (+236 C&G branches)	1,050	
Number of employees	77m (personal & business)	7m (personal & business)	
Number of cash machines	2,457	1,943	
1995 (first half)	£735m (before tax)	£271m (before tax)	
1994 (first half)	£1,304m (before tax)	£504m (before tax)	
Cost income ratio			
1995 (first half)	61.5%	59.2%	
end of 1994	64.3%	59.2%	
1995 (first half)	£3,822m (£3,298m C&G)	£26,092m	
end of 1994	£21,357m	£34,702m	

a cost of £1bn.

Lloyds TSB would become the third largest UK high street bank after Barclays and National Westminster. It would be established by the end of the year, provided the proposals are approved by both sets of shareholders next month. The banks said an unspecified

number of their 69,000 staff would lose jobs, but redundancies would mostly be absorbed by natural wastage. They emphasised their commitment to keeping open most of the 2,850-branch network. Sir Brian said the new bank's main operating advantage was that it would push

down unit prices, allowing it to sell financial products more cheaply. "We will be able to offer 24 hours a day, 365 days a year service, and others will have to match us," he said. TSB and Lloyds will maintain separate identities, and there will be little amalgamation over the next two years.

N West Water set to win Norweb

By David Wighton

North West Water looked likely to win the takeover battle for Norweb after raising its offer to £1.8bn and increasing its stake in the Manchester-based regional electricity company to more than 25 per cent. Rival bidder Texas Energy Partners said it was "considering its options" but analysts predicted it would turn its attention to other recs.

Norweb, which had recommended the original bid from Texas, took some hours before announcing that it would recommend North West's new offer. It said: "As at the time of this announcement, the board has no reason to expect that Texas Energy Partners will revise its current offer."

North West increased its cash offer by 75p to £11.50p, compared with the Texas offer of £10.85p, while the value of its cash and shares offer was increased to £11.61p or £11.99p including the tax credit for non taxpayers. Norweb's shares rose 61p to £11.47p.

Scapa purchase

Scapa Group, maker of industrial materials, is to acquire the woven products division of National Filtration Corporation, for \$15m subject to the approval of the US regulatory authorities.

The consideration comprises \$350,000 cash on completion, a \$13.65m loan note redeemable in January 1996 and a \$1m loan note redeemable 18 months after completion. Scapa will also pay off debt of \$8m.

Kingfisher

Kingfisher, the UK retailer, has bought the 51 per cent of shares it did not own in New Vanden Borre, its Belgian electrical retailing joint venture, for £2.5m (\$3.9m) cash. The Belgian group had profits of \$400,000 in the year to February 28 1995, on sales of about £34.5m. It has 18 stores in Belgium.

Suter threat to Hartons refinancing

By Geoff Dyer

The refinancing plans of Hartons Group, the plastic products distributor, are under threat after Suter, one of its biggest shareholders, said it would vote against.

Hartons plans to buy back its preference shares at 90p, to issue 52.6m ordinary shares at 84p to Schuttersveld, the European plastics distributor, and raise £3.6m through a 7-for-11 rights issue, underwritten by Schuttersveld, which would have ended with a holding of between 51 per cent and 71 per cent.

However Suter, the industrial conglomerate, said it would vote against the preference offer at the November 7 BGM. Its 31.3 per cent of the preference shares is sufficient to block the offer, on which the rest of the plans are conditional.

Pioneer Gold to float at up to \$787m

By Christopher Price

Pioneer Goldfields will have a market value of between \$722m and \$787m when the Ghanaian gold mining group floats on the London and Accra stock markets next month.

The pathfinder prospectus, published yesterday, set the offer price at between \$9.50 and \$10.50. About 20 per cent of the issued share capital is being offered, raising between \$249m and \$275m. The rest is being kept by PGL's owner, Pioneer Group, a Boston-based fund manager.

PGL owns 90 per cent of the Teberebie Goldfields group, which in turn owns and

operates the Teberebie gold mine in Ghana. The remaining 10 per cent is held by the Ghanaian government. The mine, which has been in operation since 1991, is the country's second largest gold producer.

After-tax income in 1994 amounted to \$18.7m, based on gold production of 176,000 ounces. PGL said it expected to increase production to about 235,000 ounces this year, with a further rise to 400,000 ounces a year by 1998. Teberebie's proven and probable reserves at present total 9.2m ounces and at the latter rate of exploitation would give the mine a 20-year lifespan.

Mr Lu Girard, chief executive and managing director, said Pioneer Goldfields intended to pursue other mining opportunities in Africa. Expenditure to this end has been earmarked at \$1.5m in 1996, \$2.5m in 1997 and \$3.3m a year thereafter.

The price put on the shares is at the upper end of market expectations and follows the successful float - also in London and Accra - in April last year of Ashanti Goldfields, now valued at about \$1.8bn.

PGL, which has debts of \$5.2m, received its first dividend from Teberebie of \$3.5m in the first quarter of 1995.

RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends (p)	Total for year	Total last year
Alexander Workwear	26 mths to Aug 12	35.7 (33.3)	2.74 (2.16)	5.3 (4.3)	2.5	Dec 1	2.3	6
BMS Resources	6 mths to June 30	48.8 (42.2)	1.77 (1.38)	5.4 (4.2)	2	Nov 30	1.77	5.5
Scapla (AF)	6 mths to July 31	10.45 (9.03)	0.88 (0.5)	1.53 (1.26)	-	-	-	0.25
Card Clear	6 mths to June 30	0.388 (0.118)	0.209 (0.071)	-	-	-	-	-
Crown (Japan)	6 mths to June 30	130.7 (128.3)	9.61 (8.47)	12.7 (13.5)	6.225	Dec 15	5.925	14.175
Energy Cap Inc	6 mths to June 30	0.572 (0.068)	0.424 (0.029)	1.82 (0.16)	-	-	-	-
Investment Trusts	NAV (p)	Attributable Earnings (p)	EPS (p)	Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Old Mutual S Africa	14 mths to Aug 31	129.58 (-)	1.56 (-)	2.98 (-)	2.64	Nov 30	2.64	-

Dividends shown net. Earnings shown basic. Figures in brackets are for corresponding period. @Aim stock. £Irish currency. †On increased capital. ‡Comparatives for 9 mths and restated.

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GEC ALSTOM Limited

1995

£425,000,000

Largest private finance initiative transaction concluded to date

Modernisation of London Underground's Northern Line train fleet

SBC Warburg advised GEC ALSTOM Limited and arranged the financing

*** SBC Warburg**

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Australia

QANTAS

1995

Qantas Airways Limited

A\$1,450,000,000

Largest airline equity issue of the decade

Global Public Offering of **740,000,000 shares** by **The Commonwealth of Australia**

SBC Warburg acted as joint lead manager and bookrunner

*** SBC Warburg**

A DIVISION OF SWISS BANK CORPORATION

Austria

VIE

1995

Vienna International Airport

A\$2,208,750,000

Largest airport equity issue of the decade

Global Offering of **4,650,000 ordinary shares** by **The Republic of Austria**

SBC Warburg acted as joint global co-ordinator and international bookrunner

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FT CONFERENCES

THE PETROCHEMICAL INDUSTRY - TOWARDS THE YEAR 2000
London, 20 & 21 November 1995

Authoritative figures from Europe, North America and the Asia-Pacific region will address this annual FT meeting, sharing their views on managing the boom-bust cycle; joint ventures; industry restructuring and privatisation plans. Speakers include: Mr Evert Harkins, Chemicals Coordinator, Shell International Chemical Company Ltd; Mr Bryan Sanderson, Chief Executive Officer, BP Chemicals; Mr Kazuharu Hoshi, Executive Managing Director, Mitsui Toatsu Chemicals Incorporated; Mr Edward Wilson, Vice President, Dow Europe SA; Mr Joseph Soverio, Corporate Vice President, Union Carbide Corporation; Dr Henrik J Alkema, Associate Partner, Arthur Andersen & Co and Mr Antonio Sacristan Roy, Corporate Planning Co-ordinator, PEMEX.

WORLD ELECTRICITY

London, 22 & 23 November 1995

Against a backdrop of rapid change and considerable opportunity, this annual meeting - the ninth in a series arranged jointly with Power in Europe - will examine the continuing trends of deregulation and liberalisation around the world. International experts will consider how utilities are responding to a more competitive environment and comment on the global power market in the late 1990s. Speakers include: Mr Jurgen Andersson, Minister for Housing and Energy, Sweden; Mr R E D Goldwell, Head of Government & Overseas Relations, The National Grid Company plc; Mr Gyorgy Halvart, Chairman, MVM; Mr David Weaver, Vice President, Asia, CMS Energy Corp; Mr Reinier Lock, Counsel, LaBoeur, Lamb Greene & MacRae LLP and Mr John Beaumont, Director of Marketing, Energie Communications Ltd.

FINANCIAL REPORTING IN THE UK: ACCOUNTING ISSUES, 1995-96
London, 23 November 1995

Developments in financial reporting have come thick and fast this year. The fifth annual FT conference on Financial Reporting provides accountants in practice and in industry with an opportunity to discuss these developments with the experts. Speakers include: Professor Sir David Tweedie, Chairman of the Accounting Standards Board; Sir Bryan Carsberg, Secretary-General of the International Accounting Standards Committee; Mr D John S Roques, Senior Partner & Chief Executive, Touche Ross & Co; Mr Kevin J Plummer, Group Chief Accountant at Guinness PLC; Dr David R Creed, Group Treasurer at Tate & Lyle PLC; Mr Ken Widd, National Accounting Technical Partner at Touche Ross & Co; Mr Malcolm Gamble, Tax Partner at Linklaters & Paines and Me Lissel Knorr, Technical Director at the International Accounting Standards Committee.

BIOTECHNOLOGY

London, 27 & 28 November 1995

Biotechnology is still in its early years as an industry but holds the longer term potential of opening up new medical frontiers. This second FT conference, arranged in association with Pharmaceutical Business News and Biotechnology Business News, will examine how the sector is evolving and assess the new partnerships and strategic alliances being forged between biotech companies and pharma majors.

THE OUTLOOK FOR NATURAL GAS

London, 11 & 12 December 1995

Gas is widely viewed as the fuel of the decade with production and use growing strongly worldwide. With the advantages of being seen as an environmentally friendly fuel and reserves that are set to out-strip oil, will the gas business fulfil its widely held promise or are expectations being set too high? An international panel of speakers will address this FT meeting which is arranged in association with International Gas Report.

All enquiries should be addressed to: Financial Times Conferences, P O Box 3651, London SW12 8PH, UK. Tel: 0181 673 9000 Fax: 0181 673 1335

CONTRACTS & TENDERS

HEALTH & SAFETY
EXECUTIVECONTRACT FOR THE PROVISION OF
FIELD TECHNICAL SERVICES

The Health and Safety Executive (HSE) invites applications to provide Field Technical Services to complement the work of Specialist Inspectors in support of its regulatory functions under the Health and Safety at Work etc Act 1974.

The work requires staff professionally qualified in a broad range of engineering, chemical and occupational health disciplines to undertake tasks which can be performed by competent non-HSE practitioners including surveys, investigations, assessments, advice, legal and project work.

An indicative work volume based on 1994/95 outputs, is 2,000 days per year which will be required on a reactive basis at a day rate or hourly rate depending on the nature of the tasks.

Interested organisations will be sent a supplier appraisal questionnaire which seeks a range of commercial and financial information. The date for the return of completed questionnaires is 30th of October 1995.

A shortlisting process will be conducted, after which the selected suppliers will be sent a full invitation to tender. Suppliers may be invited to tender for a part, or whole of the services. It is anticipated that three year call off contract(s) or framework agreement(s) will subsequently be awarded, although HSE reserves the right not to award any contract.

Organisations should express their interest in writing and preferably by fax to:
Mrs J Passmore, Health & Safety Executive
Room 908, Daniel House, Trinity Road,
BOOTLE, Merseyside L20 7HE
Fax Number: 0151 951 3019

This requirement is also being published in the supplement to the Official Journal of the European Communities, a notice for which was dispatched on 22nd of September 1995.

CREDIT COMMERCIAL DE FRANCE

FRF 300,000,000 REVERSE FLOATER BONDS DUE 1998
ISIN CODE: XS0043048892

For the period October 9, 1995 to April 9, 1996 the new rate has been fixed at 6.95879 % p.a.
Next payment date: April 9, 1996
Coupon nr: 5

Amount: FRF 349,87 for the denomination of FRF 10,000
FRF 3 498,72 for the denomination of FRF 100,000
FRF 17 493,62 for the denomination of FRF 500,000
Pursuant to the Terms and Conditions of the Bonds, notice is hereby given to the Bondholders that FRF 33,800,000 have been repurchased by the Issuer on October 9, 1995.
Nominal outstanding: FRF 111,200,000

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COMPANY NEWS: UK

Fate sealed in the small hours

Daniel Green on the phone call that ended Fisons' 50-day resistance

At just after 4am yesterday, four men agreed that Rhône-Poulenc-Ror, the US drug company, should take over its UK rival Fisons.

The long night of talks had been triggered by a telephone call from Mr Stuart Wallis, Fisons' chief executive, to Mr Robert Cawthorn, chairman of RPR. Mr Wallis had said simply that the board of Fisons had earlier in the day agreed to accept RPR's hostile 265p a share offer. Fifty days of resisting the hostile takeover attempt was over.

They and the two others involved in the all-night talks, Mr Michel de Rosen, RPR's chief executive, and Mr Paddy Linacre, Fisons' chairman, are today preparing to bury Fisons in RPR's asthma division.

The first meetings designed to create a group of executives to oversee the merger are

already planned. Mr Wallis has offered his services to RPR to make the changeover as smooth as possible. But whatever happens now, he and many others currently employed by Fisons are likely to be working somewhere else in a few months.

The merged and reorganised business should make RPR one of the world's leading companies in asthma and allergy medicine, the fastest growing of the medical areas. That means job losses are likely wherever the companies' businesses overlap. Top of the list, says Mr Cawthorn, is going to be the US. There are more than 400 in RPR's asthma products sales force, while Fisons' has over 500, and the two will be merged.

The overlaps in the UK and France, home of RPR's parent company, chemicals group Rhône-Poulenc, are smaller.

This is largely because respiratory disease, which is Fisons' forte, represents only 10 per cent of RPR's \$4.5bn (£2.9bn) of annual sales.

RPR employs 400 in the UK business. Research, development and manufacture is centred at Dagenham, Essex, and marketing in Eastbourne, Sussex. But the manufacturing operation is concerned with anti-inflammatory and cancer drugs, and R&D is skewed towards research rather than development.

The fit with Fisons appears good. Fisons sold its R&D arm to Astra of Sweden earlier this year and manufacturing is as much to do with filling asthma inhalers as creating the drugs themselves.

French workforces are unlikely to be hard hit, says Mr Cawthorn, because the respiratory area there is small. Mr Wallis's future at Fisons/

RPR is clearer. He left his previous job helping restructure Bowater, now called Rexam, because he was "bored", and is unlikely to be happy taking orders in a French-controlled US company.

However, he is not likely to be short of job offers. He joined Fisons a year ago and spent three months studying the business. In January this year, when Fisons' share price hovered at just over 100p, he said he intended to sell some of the businesses and that a break-up or takeover was a possibility. At the time he thought it would take about a year to execute this plan.

It happened rather more quickly than that, and Mr Wallis still has regrets that the plans will not continue to fruition. His consolation is that under his control the value of the business has more than doubled in less than a year.

Eurotunnel says
1996 will be
a 'painful year'

By Charles Batchelor,
Transport Correspondent



Georges-Christian Chazot: new fare structure for next year

Eurotunnel yesterday warned that overcapacity on cross-Channel routes and the continuing price war would make 1996 a "painful year" for both the ferry operators and the troubled Anglo-French tunnel operator.

Mr Georges-Christian Chazot, Eurotunnel's chief executive, predicted that the ferry companies, dominated by P&O and Stena Sealink, would be forced to reduce capacity and the tunnel would become the first choice for most travellers.

"We do not underestimate the capacity of the ferries to improve, but we are simply saying that we have a system which is unique in many of its characteristics," he said yesterday.

Nevertheless, Mr Chazot said a tough battle for market share was inevitable, adding that Eurotunnel would fight the ferry companies by introducing a new fare structure for 1996, to be announced in the next few weeks.

That would reinforce Eurotunnel's competitive challenge to the ferry operators, which it increased last month by announcing a 33 per cent cut in duty free prices. Mr Chazot said the initiative had already led to a near-doubling of travellers stopping to buy.

Describing 1996 as a "hybrid year" in which Eurotunnel had to make the change-over from a construction project to a railway operator, he said 1996 would be the company's first opportunity to prove itself with a complete train fleet and full range of services. "We must adjust our product to the expectations of our customers and improve services in terms of their punctuality and their reliability," Mr Chazot said.

The company was confident that customers who had used the tunnel would return next year. In a poll of travellers, 67 per cent has said they would use it again.

Mr Chazot identified his two main priorities over the next three months as ensuring that sufficient freight shuttles were available to take account of the peaks and troughs of truck arrivals and to market the tunnel effectively to car passengers.

Truck arrivals vary from 700-800 on a Sunday to 1,800 on Wednesdays with the peak hours each day between 5pm and 2am. With tunnel maintenance carried out at night, Eurotunnel must make adjustments to its work patterns to avoid delays to trucks, Mr Chazot said.

Car passengers will be targeted with an advertising campaign emphasising the benefits of the tunnel during the winter when conditions in the Channel are often rough. Eurotunnel believes it can increase its share of the Dover-Calais passenger market beyond the 36 per cent achieved last month.

Anagen distributor
seeks to withdraw

By Motoko Rich

Shares in Anagen, the diagnostic equipment company, fell nearly 30 per cent yesterday after its main distributor announced that it no longer intended to market its leading product.

Organon Teknika, the Akzo Nobel subsidiary which agreed in 1993 to sell Anagen's AuraFlex diagnostic system, said it was seeking to terminate its distribution contract.

AuraFlex, an automated immunoassay system for detecting various deficiencies in blood samples, was due to be launched worldwide this month.

Anagen's shares dropped 23p to close at 72p. Mr Mervyn Sennett, Anagen's managing director, said: "We were absolutely stunned

by Organon's decision."

To date, Anagen has invested about £25m in developing AuraFlex, while Organon has spent about £20m.

Mr Sennett said the group was in conversations with other potential partners.

According to Mr Sennett, Organon made its decision last Friday. He said the company believed it did not have the strength to break into a market where competitors that were already selling similar products included Abbott, the pharmaceuticals company, and CIBA Coming Diagnostics.

Mr Ton Stapex executive vice-president at Organon, said a delay in the product launch - originally scheduled for early 1994 - had meant that the market had "changed considerably".

Exchange rates
limit Crean rise

By John Murray Brown,
in Dublin

James Crean, the Ireland-based diversified industrial group, reported a modest 5 per cent rise in pre-tax profits from £29.05m to £29.5m (£15m) for the six months to June 30, reflecting adverse currency movements.

The group, involved in foods, electrical goods and print paper and packaging, increased sales by 2 per cent from £128.3m to £130.7m.

However, pre-tax profits in continuing activities rose 13 per cent to £35.61m. There was a strong operating performance in local currency terms from its US and UK businesses, helped by its 71.2 per cent holding in the Irishtech Group, although the Irish operation remained flat.

Earnings per share were down 6 per cent to 12.7p (13.5p) and the interim dividend is increased by 5 per cent from 5.925p to 6.225p.

In line with its continuing rationalisation, the group has disposed of EJA, its Dutch office products company, for £4.8m, half in cash and half in deferred promissory notes.

EJA reported a £30,000 loss, compared with profits of £580,000.

The board said results for the year could be slightly down. It expected trading to be weaker in the second half in the UK electrical wholesaling and in the frozen meals segment of its US food business where it had been decided to commit substantial promotional expenditure to regain market share conceded in the first half.

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in Business

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Closing date for entries is October 31, 1995. Regional winners will be announced in March 1996 and the global winners in April 1996.

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CONTRACTS & TENDERS

THE INNTREPRENEUR BEER SUPPLY COMPANY LIMITED
Ashby House, 1 Bridge Street, Staines, Middlesex TW18 4TP. Tel: 01784 466199 Fax: 01784 466373

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TO CERTAIN TIED HOUSES OWNED BY
INNTREPRENEUR ESTATES LIMITED (IEL)

INVITATION TO TENDER

Tenders are invited for the right to supply beer to 500 licensed premises owned by Inntrepreneur Estates Limited on behalf of The Inntrepreneur Beer Supply Company Limited (formerly Courage (F&B) nominated by IBSC).

IBSC has the right to supply (or to nominate the supplier of) certain types of beer (tied products) to tenants of the licensed premises. IBSC (or the nominee) will agree to purchase beer from the successful tenderer and will appoint the successful tenderer as its agent to supply beer to those tenants.

The tender process has been initiated pursuant to binding undertakings dated 11 August 1995 given in connection with the sale of the IBSC beer business to Scottish & Newcastle plc.

Written expressions of interest from potential tenderers are to be sent to Mr Robin Hammond at IBSC at the above address to arrive no later than 5 pm on 18 October 1995. Interested parties will then be invited to enter into a confidentiality undertaking and will then be given the documents on the basis of which tenders are to be submitted.

The timetable for the tender process is as follows:

Expressions of interest	As soon as practicable but not later than 18 October 1995
Confidentiality undertaking received and thereafter tender documents provided	From 18 October 1995
Tenders submitted	17 November 1995
Notification of successful tenderer	By 8 December 1995
Execution of Supply Agreement	Immediately thereafter
Commencement of Supply	1 January 1996

Tenders will be required to be made for 100% of the tied products for each licensed premises.

مكتبة الامم المتحدة

Reduced crop forecasts boost Chicago grain prices

By Laurie Morse in Chicago

The US Department of Agriculture once again reduced its estimate of the size of this year's US corn crop in its regular monthly assessment of the nation's grain situation. The report confirmed that global supplies of grain would be smaller at the end of this crop year than they have been in decades and sent maize and soybean futures prices at the Chicago Board of Trade sharply higher.

Besides cutting harvest estimates and raising demand figures for coarse grains, the agency also trimmed its world wheat supply projection, saying smaller crops in Argentina, Australia, the EU and Kazakhstan would reduce world wheat output to 529.7m tonnes, and forecast a narrow carryover margin of just 97.4m tonnes at the end of the crop year.

World wheat prices already reflect this tight balance sheet, with prices at most delivery points at their highest levels since 1990. At the CBoT yesterday wheat for December delivery was up 4 cents a bushel in

early trading but eased back later. Traders said the real shock in the USDA report was a 4 per cent drop in the agency's US maize production forecast in just the past month. The USDA said late plantings and an early freeze during September would reduce the domestic harvest to 7.54bn bushels of maize this year, 25 per cent below last year's bumper harvest of 10.1bn bushels.

The production drop also cut carryover estimates, leaving the US with an estimated maize stockpile of 886m bushels at the end of this crop year, compared last month's estimate of 780m bushels. The maize futures price for December delivery jumped 8.75 cents to a life-of-contract high of \$3.26 1/4 a bushel in response to the report before surrendering about half of the gain.

Chicago soybean futures prices also surged, as traders reacted to the USDA's 4 per cent downward revision in its production estimate. USDA reduced its soybean production forecast to 2.19bn bushels, saying unfavourable weather

had also reduced this crop, which is used primarily for animal feed and vegetable oil.

The agency said that world demand for soybeans would trim US stockpiles, leaving only 200m bushels in storage at year-end, a sharp reduction from the September stocks estimate of 330m bushels. Soybean futures prices for November delivery at the CBoT rose 19 cents to \$6.69 a bushel in the morning before settling back to about \$6.60 in the afternoon.

Mr Jerry Gidel, grain market analyst for Dean Witter Reynolds, said prices for feedgrains and wheat were likely to remain high, despite the continuing harvest, because traders expect further downward revisions in the crop estimate as the harvest progressed.

Other analysts noted that tight feedgrains supplies and reduced livestock producers to reduce their herds, and could negatively affect margins of industrial maize users, particularly those producing ethanol, the grain-based gasoline substitute.

Trinidad gets \$1bn petrochemicals boost

Canute James on one of the largest single investments in the Caribbean region

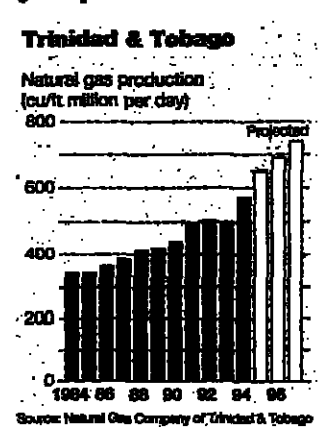
Trinidad and Tobago's expanding petrochemical sector has received a \$1bn boost from one of the largest single investments in the Caribbean region. A \$1bn plant to produce liquefied natural gas is to be constructed on a new industrial estate in the south of the country.

This comes on the heels of steady expansion in the past four years in the petrochemical sector as investors have been attracted to the Caribbean country by the abundance of its natural gas. Nitrogenous fertiliser production has increased to levels that Trinidadian officials claim have made the country one of the world's leading exporters of fertilisers. Methanol production is also expanding.

Atlantic LNG, the LNG producer, is a joint venture created by US, British and Trinidadian companies. Amoco Trinidad, a subsidiary of the US oil company, has a 49 per cent stake in Atlantic LNG, with British Gas holding a 31 per cent interest. Cabot LNG of the US and the state-owned National Gas Company of Trinidad and Tobago will each have 10 per cent.

The plant's capacity will be

3m tonnes a year, with production scheduled to begin late in 1998. Exports will earn about \$175m a year, says Mr Patrick Manning, Trinidad and Tobago's prime minister. The



Source: National Gas Company of Trinidad and Tobago

plant's output has already been fully committed, with Cabot LNG taking 60 per cent and Enagas of Spain buying the rest.

Trinidad and Tobago's natural gas production will be expanded significantly to meet the demands of the LNG plant and to feed an expansion of fertiliser production. The country has known natural gas

reserves of 12,000bn cubic feet. "We have planned for the expansion of these gas-based operations, and the gas is there to meet all demand," says Mr Ken Julien, chairman of the National Gas Company.

The agreement on the LNG plant coincides with several new projects for the production of nitrogenous fertiliser (ammonia and urea) for foreign and local companies. Some have bought into existing facilities, some of which have been divested by the government, while others are building new plants. Trinidad and Tobago's fertiliser production of 2.45m tonnes last year was 7 per cent higher than 1993. The new ventures that have already been committed will lift fertiliser capacity to 3.2m tonnes a year.

Expansion in methanol production has been dramatic, more than doubling last year to 1m tonnes. New investments will lift national capacity to 1.6m tonnes a year.

"The government was initially a promoter and an investor in the gas-based industries," says Mr Julien. "More recently the government has been seeking local and foreign

investors through investment or divestment. When investors look at Trinidad and Tobago, they see a country which, although small, offers a combination of factors which offer good prospects for investment."

This assessment is shared by Mr Nazir Khan, chief executive of Arcadian Trinidad, a subsidiary of Arcadian Partners of the US. "The political climate here is stable and there is an abundance of natural gas," he says. "The government has also been attracted by the availability of literate and trained workers."

Two years ago Arcadian bought an ammonia and urea plant from the government and from Amoco for US\$175m. It is retooling to improve efficiency, and plans to build another 225,000-tonnes-a-year factory. "For us, Trinidad and Tobago offers easy access to our major markets," says Mr Khan. "We can get quickly to the US Gulf, South America and Europe."

The planned expansion in Trinidad and Tobago's nitrogenous fertiliser capacity will be led by Farmland Industries of Kansas and the Mississippi Chemical Company, which are

building an ammonia plant with capacity of 655,000 tonnes a year.

These companies have joined others that have apparently concluded that Trinidad and Tobago makes good business sense. Ferrostaal and Helm of Germany have bought a half of a state-owned methanol plant and are planning another with capacity of 500,000 tonnes per year. Norsk Hydro of Norway was an earlier recruit to the Trinidadian petrochemicals sector, buying ammonia plants from WR Grace of the US five years ago.

Local companies are also investing in petrochemicals. Colonial Life Insurance, a local financial services conglomerate, holds a 65 per cent stake in a 500,000-tonnes-a-year methanol plant that began production last year. Its partners are Ferrostaal and Methanex of Canada.

There are already indications this year of the impact of the new investments. Nitrogenous fertiliser exports reached 587,700 tonnes in the first quarter of the year, 16 per cent higher than the previous quarter, while methanol exports grew also by 16 per cent to reach 277,800 tonnes.

Algerian oil field 'world class'

By David Lascelles, Resources Editor

Initial crude oil production of about 40,000 barrels a day is expected by early 1997 from the first stage of development of Algeria's Hassi Berkine South No 2 and Hassi Berkine No 4 appraisal wells in Block 404 in

the Ghadames Basin. The field, which lies close to Algeria's eastern border with Libya, has estimated gross reserves of 1.5bn barrels of oil.

Members of the Algerian joint venture developing the field are Anadarko Algeria with 50 per cent, and Lamsco and Maersk Olie with 25 per cent each.

Mr John Hogan, chief operating officer of Lamsco, said yesterday: "We are talking world class both in terms of reserves and productivity."

The first stage of development, which will include a pipeline connection, is expected to cost \$210m.

MARKET REPORT

Copper stages late rally at LME

A strong rally in COPPER prices during yesterday's afternoon "kerf" trading session at the London Metal Exchange injected some backbone into other dispirited metal markets. Traders said copper success-

fully defended the five-month low of \$2,710 a tonne, for three months delivery. Heavy buying from one influential quarter prompted shortcovering and the market ran up some \$30 in 15 minutes.

"[The decline] was technical," one trader said, "copper [supply] is still tight." ALUMINIUM, TIN AND LEAD prices also ended in the plus column. Compiled from Reuters

Fischler outlines banana regime reform plan

By Caroline Southey in Brussels

Mr Franz Fischler, the European Commissioner for agriculture, yesterday outlined a series of reforms to the European Union's controversial banana regime. The commission failed to give him a mandate to negotiate changes with the US while there has been a stalemate in the council of ministers over a number of minor proposals for reform.

He warned that the word "compromise" was not associated with discussions on the banana regime. But he called on EU ministers to be constructive and said he hoped

that "all concerned will recognise that there are decisions which have to be taken urgently."

Mr Fischler has been prevented so far from making changes to the three-year-old regime. The commission failed to give him a mandate to negotiate changes with the US while there has been a stalemate in the council of ministers over a number of minor proposals for reform.

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Noranda drops plan to build smelter in Chile

By Robert Gibbons in Montreal

Noranda, Canada's biggest resource group, has dropped plans to build a US\$1.5bn aluminium smelter and hydroelectric plant in Chile because the prospective return, based on present metal prices, which are 30 per cent below the January highs, would be too low.

The company said it could handle the project financially but it wanted to focus on its mining and other metals projects in North and South America. Efforts to find a partner were not successful.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Arranged Metal Trading)

ALUMINIUM 99.7 PURITY (% per tonne)

Cash 3 months

Close 1650-51 1655-56

Previous 1657-58 1722-23

High/Low 1709/1673

AM Official 1645-46 1680.5-81.0

Kerb close 1702-4

Open int. 208,836

Total daily turnover 98,812

ALUMINIUM ALLOY (% per tonne)

Close 1420-30 1480-70

Previous 1480-70 1500-10

AM Official 1435-45 1475-80

Kerb close 1470-80

Open int. 3,077

Total daily turnover 1,145

LEAD (% per tonne)

Close 591-82 590-81

Previous 590-80 590-80

High/Low 595/585 591/589

AM Official 595-85.5 593.5-94.0

Kerb close 591-2

Open int. 33,194

Total daily turnover 10,183

NICKEL (% per tonne)

Close 7625-35 7750-50

Previous 7625-35 7650-55

High/Low 7725/7575 7850/7700

AM Official 7680-85 7760-80

Kerb close 7610-15

Open int. 44,994

Total daily turnover 14,488

TIN (% per tonne)

Close 6055-65 6115-20

Previous 6130-40 6185-90

High/Low 6190/605 6190/605

AM Official 6045-55 6100-105

Kerb close 6140-60

Open int. 18,047

Total daily turnover 5,740

ZINC, special high grade (% per tonne)

Close 950-51 974-75

Previous 969-87 1010-11

High/Low 1002/990

AM Official 948-48 971-72

Kerb close 978-9

Open int. 78,810

Total daily turnover 32,874

COPPER, grade A (% per tonne)

Close 2748-48 2718-17

Previous 2760-5 2742-74

High/Low 2765/2763 2742/2710

AM Official 2762.5-63.0 2729-30

Kerb close 2740-41

Open int. 199,900

Total daily turnover 92,235

LME AM Official 24hr 15746

LME Closing 24hr 15758

Spot 15758 3 mths 15857 6 mths 15924 9 mths 15924

HIGH GRADE COPPER (COMEX)

Oct 125.78 +1.20 125.70 125.30 1246 271

Nov 125.65 +1.05 125.20 123.75 1170 31

Dec 125.05 +1.45 123.50 122.80 25,820 11,597

Jan 124.10 +1.20 124.00 122.80 371 7

Feb 123.20 +1.00 124.00 122.20 417 3

Mar 122.30 -0.50 122.85 121.10 4741 497

Total 35,083 12,828

PRECIOUS METALS

LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (tray oz) \$ price £ equiv SFR equiv

Close 384.50-385.00 244,780 442,328

Opening 384.50-385.00 244,780 442,328

Morning int. 384.50 244,780 442,328

Afternoon int. 384.50 244,780 442,328

Day's Low 384.50-385.15

Day's High 384.50-384.65

Previous close 385.00-385.40

Local Late Mean Gold Leasing Rates (No US\$)

1 month 4.10 6 months 3.96

2 months 4.05 12 months 3.96

3 months 3.97

Silver Fix p/roy oz US cts equiv.

Spot 347.50 547.20

3 months 347.50 547.20

6 months 347.50 547.20

1 year 347.50 547.20

Gold Coins \$ price £ equiv.

Kruggerand 385.30-387.50 244-246

Maple Leaf 385.30-387.50 244-246

New Sovereign 385-81 55-58

Precious Metals continued

GOLD COMEX (100 Troy oz; \$/tray oz)

Oct 385.2 -0.1 385.1 385.1 904 12

Nov 387.4 -0.2 387.7 387.1 90,524 25,845

Dec 389.7 -0.2 390.0 389.3 22,411 107

Jan 392.1 -0.2 392.4 391.8 9,160 789

Feb 394.5 -0.2 394.8 394.5 13,046 38

Mar 397.4 -0.2 - 1,795 58

Total 108,585 27,877

PLATINUM NYMEX (50 Troy oz; \$/tray oz)

Oct 418.0 -2.7 414.0 414.0 829 15

Nov 415.4 -2.7 415.0 415.0 1,282 2,841

Dec 418.5 -1.1 - 1,385 -

Jan 418.5 -1.1 - 24,697 2,697

Total 24,697 2,697

PALLADIUM NYMEX (100 Troy oz; \$/tray oz)

Oct 128.70 -1.85 140.00 138.00 5,209 289

Nov 140.10 -1.80 140.75 140.75 753 6

Dec 141.35 -1.80 - 6,827 219

Total 6,827 219

SILVER COMEX (100 Troy oz; \$/tray oz)

Oct 540.2 -0.5 539.0 539.0 16 18

Nov 544.2 -0.5 545.5 542.0 59,825 15,747

Dec 545.8 -0.5 - 26 -

Jan 550.7 -0.1 552.0 549.0 12,194 1,215

Feb 554.9 -0.1 555.0 553.0 8,497 61

Mar 558.9 +0.2 559.0 558.0 4,035 182

Total 98,775 12,221

ENERGY

CRUDE OIL NYMEX (42,000 US gals; \$/barrel)

Oct 17.30 -0.12 17.48 17.22 55,830 32,883

Nov 17.40 -0.08 17.12 16.95 75,745 21,851

Dec 16.91 -0.09 17.03 16.87 41,925 5,284

Jan 16.80 -0.05 16.95 16.84 19,877 4,089

Feb 16.89 -0.04 16.98 16.85 17,335 1,630

Mar 16.88 -0.04 16.98 16.82 12,518 359

Total 397,147 75,198

CRUDE OIL IPE (\$/barrel)

Oct 15.10 +0.07 15.10 15.02 31,0

Stronger dollar provides lift for Europe

release today of producer price figures for September and tomorrow of the consumer price index and retail sales numbers.

Near midday, the benchmark Treasury note was unchanged at 105½, to yield 4.936 per cent. At the short end, the two-year note was up ¼ at 100, yielding 5.732 per cent. Volumes were thin.

Dealers are looking to the economic statistics for more evidence that the economy is heading for a soft landing — where the desirable combination of low inflation and sustainable growth is achieved.

The market could take heart from comments by Mr. Alan Blinder, director of the Federal Reserve, that it was "a bit premature" to declare victory on a soft landing, but that with each passing month it "looked more and more likely".

Commonwealth finance ministers have agreed to establish a fund which will raise capital for investment in the private sector in developing Commonwealth countries. It will make equity investments in companies which are being divested and expanded. The facility will be a co-ordination of several regional funds, starting with an African fund next year, to be followed by another in either the Caribbean or the Indian sub-continent. The fund will be started with \$25m seed capital provided by the Commonwealth.

Mobil Producing Nigeria, arm of the US oil company, raising more than \$300 million through a private offering of long-term notes in the US market to help finance its natural gas liquids (NGL) joint venture with the Nigerian government.

The offering, which is being arranged by First Boston, has received an investment-grade rating from Moody's, the international credit rating agency. Bankers said it was the first investment-grade transaction to come out of sub-Saharan Africa. The offering is structured so that the repayment

have dried up in recent years because of Nigeria's military regime has refused to hand over the civilian rule.

Nigeria has accumulated arrears of about \$300m in debt service to the Paris Club of creditor governments in recent years and its debts are continuing to mount because of the government's mismanagement of the oil industry.

NNPC's arrears in paying its 58 per cent share of the oil industry reached \$1bn last year, but the government has refused to reduce its 58 per cent stake in the joint ventures, which produce about 2m barrels a day.

One phase one developed the

talk that it would tap the domestic US bond market again.

However, "while we have worked hard at opening credit lines with US investors in the last 12 months, and saw good demand for the issue there, we didn't want to neglect our more traditional investors in Europe and Asia", Mr Jones said. "There was very good demand from all three areas."

Abbey National has kept a lower profile this year than last, having raised just over \$3bn since January 1, compared with \$9bn last year. "We were a bit slow a lot last year, and needed the market to settle down - you don't want to oversupply it," said Mr Jones. The bonds are expected to be priced today at a spread of 63 to 64 basis points over Treasuries; Goldman Sachs and Lehman Brothers are joint leads.

Borrower	Amount US DOLLARS	Coupon	Price	Maturity	Yield %	Spread bps	Book runner
Abbey National ^a	750	6.0	(d)	Oct 2005	-	-	Goldman Sachs/Lehman Br
Amoco ^a	500	6.25	(d)	Dec 2004	0.15R	+45 (5%+98)	Goldman Sachs/Lynch
Chemical Master CC Test 1 ^a	500	(f)	(f)	Oct 1998	-	-	Chemical Securities
Chemical Master CC Test 1 ^a	500	(f)	(f)	Oct 1998	-	-	Chemical Securities
Chemical Master CC Test 1 ^a	200	6.0	(g)	Nov 1999	0.225R	+17 (d)	BNP Paribas/Mills
COFCO ^a	60	11.0	100.00R	Oct 1987	0.75R	-	Citibank Intl.
GECC ^a	50	6.25	100.28R	Sep 1998	0.28R	+37 (5%+98)	Paribas Capital Mngs.
SWISS FRANCS							
Deutsche Ausgleichsbank	150	4.375	102.125	Nov 2004	-	-	Barclay de Göttinge
EWG ^a	100	4.35	102.00	Dec 2001	-	-	Credit Suisse
Merrill Lynch & Co	100	4.25	102.75	Dec 2001	-	-	Merrill Lynch/B. Göttinge
Vorarlberger Bank	100	4.125	102.125	Dec 2001	-	-	Barclay de Göttinge
DANISH KRONER							
Commerzbank Overseas Fin.NV ^a	300	7.50	101.75	Nov 2001	1.875	-	Kreditbank
GUILDFERS							
General Electric Capital ^a	250	5.375	99.78R	Dec 1999	0.225R	-	SBC Warburg

Final terms, non-callable unless stated. Yield spread over \$200m government bond at launch supported by lead manager. ^aUnlisted
^bFixed rate, 5 years. ^cFixed rate, 10 years. ^d10 year annual coupon. R and re-offer price. R and re-offer price. ^eFixed rate, 5 years. ^fFixed rate, 5 years.
^gFungible 40 days after payment date with outstanding \$200m issue launched 16.8.95. ^hIssued off EMTN programme. Over-
ⁱinterpolated yield. Long first coupon. ^jLong first coupon. ^kSubordinated global bond. To be priced 12.10.95. ^lCashable at par on
^mNov 28.10.95. ⁿTreasury A of \$1bn Floating Asset Backed issue to be priced 12.10.95. ^oTreasury B of \$1bn issue. Issued off MTN
^pprogramme

Another successful global dollar issue came from the US Federal Reserve Mortgage Association (Fannie Mae), which issued \$500m of 8.25 per cent three-year callable bonds, priced to yield 45 basis points over Treasuries, via Goldman Sachs and Merrill Lynch. According to the lead managers, the deal met with strong European and US demand.

	Coupon	ISS Date	Price	Days to Maturity	Yield	Week	Month
Australia	7.500	07/05	92.8150	-0.310	8.65	8.57	8.91
Austria	6.875	06/05	95.1800	-0.020	6.98	6.93	6.97
Belgium	6.500	03/08	95.5100	-0.080	7.16	7.02	7.16
Canada	8.750	12/05	107.3000	-0.350	7.70	7.72	8.01
France	7.125	12/04	95.0100	-0.110	7.12	7.08	7.98
Germany	7.750	04/04	103.5000	-0.125	6.87	6.73	6.54
Italy	7.750	10/05	101.3800	-0.220	7.55	7.46	7.34
Netherlands	6.875	05/05	101.6300	-0.160	6.80	6.85	6.64
Spain	6.500	10/04	95.0100	-0.110	7.15	7.12	7.22
UK	10.500	04/05	94.0900	-0.440	11.54	11.52	11.54
US	6.400	03/00	119.8110	-0.210	10.46	10.46	1.99
Sweden	4.600	09/04	113.0600	-0.570	2.78	2.55	3.03
Switzerland	7.000	05/05	102.0100	-0.110	7.00	6.98	7.00
Portugal	11.875	02/06	108.1300	-0.050	11.29	11.18	11.36
Denmark	10.000	02/05	94.3600	-0.170	10.98	10.96	11.02
Sweden	6.000	02/05	79.2900	-0.211	9.43	9.34	10.29
UK Gilt	8.500	12/00	101.1100	-0.110	8.50	8.42	7.48
US	8.500	12/05	102-10	-0.32	8.16	8.00	7.95
US Treasury *	9.000	10/08	106-28	-0.227	8.26	8.12	8.04
US Treasury *	6.500	05/05	102-11	-0.236	6.11	6.11	6.23
US Treasury *	6.875	09/05	102-08	-0.235	6.87	6.87	6.81
CU (French Govt)	7.500	04/05	97.9400	-0.280	7.80	7.70	7.86

Strike	CALLS				PUTS			
	Price	Dec	Jan	Mar	Price	Dec	Jan	Mar
9500	0.67	0.97	0.82	1.15	0.20	0.50	0.94	1.27
9650	0.37	0.58	0.60	0.92	0.40	0.71	1.22	1.54
9800	0.17	0.45	0.42	0.73	0.70	0.98	1.54	1.86

Est. vol. total, Calls 10844 Puts 11006. Previous day's open int., Calls 168850 Puts 162904

Italy

■ **NATIONAL ITALYAN GOV. BOND (5TP) FUTURES**
 (LFFE) Lra200m 100kths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	101.37	101.99	+0.64	102.10	101.22	38297	45419
Mar		101.81	+0.44			0	45

■ **ITALIAN GOV. BOND (5TP) FUTURES OPTIONS (LFFE) Lra200m 000th of 100%**

Strike	CALLS			PUTS		
	Dec	Mar		Dec	Mar	
10150	1.60	2.50		1.14	2.38	
10200	1.34	2.26		1.38	2.63	
10250	1.10	2.04		1.64	2.93	

Est. vol. total, Calls 4520 Puts 1648. Previous day's open int., Calls 38578 Puts 42052

Price Indices	Wed	Day's	Thu	Actual	10 Sep
UK Gilt	Oct 11	change %	Oct 10	market	yield
1 Up to 5 years (23)	121.10	-0.07	121.19	1.80	8.86 S
2 5-15 years (9)	114.67	-0.11	114.82	1.97	9.78 1/2
3 Over 15 years (9)	159.07	-0.14	159.33	2.75	9.84 2/8
4 Intermeds (6)	181.16	-0.38	181.56	3.87	9.83 1/8
5 All stocks (58)	139.85	-0.10	140.05	1.99	9.84

Index-linked	Wed	Day's	Thu	Actual	10 Sep
UK Gilt	Oct 11	change %	Oct 10	market	yield
1 Up to 5 years (1)	191.95	-0.73	192.19	-0.26	8.37
2 Over 5 years (1)	183.30	-0.01	183.32	1.00	4.00
6 All stocks (12)	163.37	-0.02	163.29	0.97	4.10

Average gross redemption yields are shown above. Column Headers: Low: 0%-74%; Medium: 8%-11%; High: 12%+.

FT FIXED INTEREST INDICES

	Oct 11	Oct 10	Oct 9	Oct 6	Oct 5	Yr ago	High	Low
Govt. Secs. (Intg)	92.83	92.78	92.94	93.11	93.24	91.24	95.51	90.22
Corp. Secs. (Intg)	102.62	102.74	113.64	113.55	113.33	107.26	114.95	108.22

Low coupon yield			Medium coupon yield			High coupon yield		
Oct. 11	Oct. 10	Yr. ago	Oct. 11	Oct. 10	Yr. ago	Oct. 11	Oct. 10	Yr. ago
7.70	7.58	8.50	7.70	7.57	8.57	7.90	7.76	8.70
8.29	8.27	8.51	8.35	8.31	8.54	8.41	8.39	8.57
8.33	8.31	8.47	8.37	8.35	8.64	8.44	8.42	8.73
8.44	8.41	8.55						

Inflation 9%			Inflation 10%		
Oct. 11	Oct. 10	Yr. ago	Oct. 11	Oct. 10	Yr. ago
3.33	3.27	3.58	2.29	2.22	2.64
3.78	3.76	3.86	3.57	3.57	3.65

Oct. High 11% and over.; Flat yield, Yr. Yield to date.

GILT EDGED ACTIVITY INDICES

	Oct. 10	Oct. 9	Oct. 5	Oct. 5	Oct. 4
Gilt Edged bargains	89.5	73.5	84.6	72.0	77.2

Treasury Bills and Bond Yields	
One month	5.63
Two month	5.56
Three month	5.48
Six month	5.57
One year	5.61
Two year	5.75
Three year	5.81
Five year	5.92
10-year	6.06
30-year	6.44

Mar	87.95	88.35	-0.40	87.95	87.95	1	8
UK							
■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%							
	Open	Sell price	Change	High	Low	Est. vol	Open int.
Dec	174.85	175.00	-0.15	175.00	174.85	1,000	1,000

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices are shown in the right margin.

	Issued	Bid	Offer	Chg.	Yield	Latest Price
U.S. DOLLAR STRAIGHTS						Sweden 8 87
Shibuya Natl. Trust Co. 5.07	10/01	101	102		5.00	104 United Wisconsin 7 1/2 87

	Bid	Offer	Chg.	Yield	Issued	Bid	Offer	Chg.	Yield
Abbey Nat Treasury 8 08 F 1000	106 ¹ / ₂	106 ⁵ / ₈		4.62	1000	97 ¹ / ₂	97 ³ / ₂		8.52

France
NATIONAL BUREAU OF ECONOMIC RESEARCH

197	0-07	0-28	0-35	1-03	1-83	2-20	2-83	3-31
Est. vol. total, Calls 3075 Puts 2820	Previous day's open int., Calls 34637 Puts 28381							

Boyer Verdracht 8½ 00	500	105½	105½	½	6.30	Council Europe 4½ 98	
Belgium 5½ 03	1000	93½	93½	½	6.56	Denmark 4½ 98	
BPCE 7½ 87	150	102¼	102½		5.99	EEB 6½ 04	
British Columbia 7½ 02	200	107½	107½	½	6.47	Finland Europe 7½ 08	

10	103 $\frac{1}{2}$	103 $\frac{1}{2}$	- $\frac{1}{2}$	3.28	Japan Dev Bk 7 00 £	200	107 $\frac{1}{2}$	106 $\frac{1}{2}$	- $\frac{1}{2}$	8.59
10	103 $\frac{1}{2}$	103 $\frac{1}{2}$	- $\frac{1}{2}$	3.36	Land Secs 9 $\frac{1}{2}$ 07 £	200	108 $\frac{1}{2}$	108 $\frac{1}{2}$	- $\frac{1}{2}$	7.97
13	113 $\frac{1}{2}$	113 $\frac{1}{2}$		4.89	Ontario 11 $\frac{1}{2}$ 01 £	100	112 $\frac{1}{2}$	112 $\frac{1}{2}$	- $\frac{1}{2}$	8.29

Jan	114.30	114.06	-0.24	114.68	114.20	1,315	3,800
Jun	114.48	114.40	-0.08	114.48	114.40	99	1,418
LONG TERM FRENCH SOBD OPTIONS (MATIF)							
Strike	CALLS		PUTS				
	Nov	Dec	Mar	Nov	Dec	Mar	
14	1.32	1.72	-	0.18	0.80	1.30	
16	0.85	1.10	-	0.48	0.97	1.75	
18	0.21	0.51	-	-	1.50	-	
17	0.04	0.28	-	-	-	-	
16	-	0.13	-	-	-	-	
vol. total, Call 14,207 Puts 17,954 - Previous day's open int., Call 14,013 Puts 153,263.							
Germany							
NATIONAL GERMAN BUND FUTURES (LIEFER DMS2500 100bns of 100%)							
	Open	Sell price	Change	High	Low	Est. vol	Open int.
Dec	95.47	-0.15	95.50	95.32	118903	187500	
Jan	94.83	94.88	-0.14	94.88	94.79	471	4098

Dec	86.00	86.30	+0.22	86.40	86.86	1,871	7,652
US							
US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%							
	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	115-17	115-17	-0-03	115-16	115-18	198,177	241,982
Mar	115-19	115-04	-0-03	115-06	114-31	1,478	15,845
Jun	-	114-28	-	-	-	261	3,379
Japan							
NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES							
(LIFTS) ¥100m 100ths of 100%							
	Open	Close	Change	High	Low	Est. vol.	Open int.
Dec	120.40	-	-	120.55	120.38	2000	0
Mar	119.40	-	-	119.43	119.40	180	0

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	13261	13262	13263	13264	13265	13266	13267	13268	13269	13270	13271	13272	13273	13274	13275	13276	13277	13278	13279	13280	13281	13282	13283	13284	13285	13286	13287	13288	13289	13290	13291	13292	13293	13294	13295	13296	13297	13298	13299	13300	13301	13302	13303	13304	13305	13306	13307	13308	13309	13310	13311	13312	13313	13314	13315	13316	13317	13318	13319	13320	13321	13322	13323	13324	13325	13326	13327	13328	13329	13330	13331	13332	13333	13334	13335	13336	13337	13338	13339	13340	13341	13342	13343	13344	13345	13346	13347	13348	13349	13350	13351	13352	13353	13354	13355	13356	13357	13358	13359	13360	13361	13362	13363	13364	13365	13366	13367	13368	13369	13370	13371	13372	13373	13374	13375	13376	13377	13378	13379	13380	13381	13382	13383	13384	13385	13386	13387	13388	13389	13390	13391	13392	13393	13394	13395	13396	13397	13398	13399	13400	13401	13402	13403	13404	13405	13406	13407	13408	13409	13410	13411	13412	13413	13414	13415	13416	13417	13418	13419	13420	13421	13422	13423	13424	13425	13426	13427	13428	13429	13430	13431	13432	13433	13434	13435	13436	13437	13438	13439	13440	13441	13442	13443	13444	13445	13446	13447	13448	13449	13450	13451	13452	13453	13454	13455	13456	13457	13458	13459	13460	13461	13462	13463	13464	13465	13466	13467	13468	13469	13470	13471	13472	13473	13474	13475	13476	13477	13478	13479	13480	13481	13482	13483	13484	13485	13486	13487	13488	13489	13490	13491	13492	13493	13494	13495	13496	13497	13498	13499	13500	13501	13502	13503	13504	13505	13506	13507	13508	13509	13510	13511	13512	13513	13514	13515	13516	13517	13518	13519	13520	13521	13522	13523	13524	13525	13526	13527	13528	13529	13530	13531	13532	13533	13534	13535	13536	13537	13538	13539	13540	13541	13542	13543	13544	13545	13546	13547	13548	13549	13550	13551	13552	13553	13554	13555	13556	13557	13558	13559	13560	13561	13562	13563	13564	13565	13566	13567	13568	13569	13570	13571	13572	13573	13574	13575	13576	13577	13578	13579	13580	13581	13582	13583	13584	13585	13586	13587	13588	13589	13590	13591	13592	13593	13594	13595	13596	13597	13598	13599	13600	13601	13602	13603	13604	13605	13606	13607	13608	13609	13610	13611	13612	13613	13614	13615	13616	13617	13618	13619	13620	13621	13622	13623	13624	13625	13626	13627	13628	13629	13630	13631	13632	13633	13634	13635	13636	13637	13638	13639	13640	13641	13642	13643	13644	13645	13646	13647	13648	13649	13650	13651	13652	13653	13654	13655	13656	13657	13658	13659	13660	13661	13662	13663	13664	13665	13666	13667	13668
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MARKETS REPORT

Franc rallies as Juppe avoids prosecution

By Philip Gawth

The franc rallied on the foreign exchanges yesterday when it was announced that Mr Alain Juppe, the French prime minister, would not be prosecuted for an offence committed concerning his housing lease.

Mr Juppe's political woes precipitated a fall in the franc last week, so news that he would avoid prosecution, which would almost certainly have precipitated his resignation, was well received. But with the franc's troubles widely believed to be economic in nature, there was little sense that the currency had gained anything other than a short-term respite.

The franc gained two cents to finish at FF148.47 against the D-Mark from FF148.56. The relative strength of the franc spread to other European cross-rates, with the D-Mark losing ground across the board. Against the Italian lira it closed at L1,128

from L1,136.

The dollar finished slightly firmer against the weaker D-Mark, at DM1.4249 from DM1.4176. Against the yen it closed at ¥100.855 from ¥100.85. Activity was generally very quiet, with little fresh news to trade off other than the Juppe developments.

Sterling had a quiet day, closing at £1.5782 from £1.5778. In Germany, the repo rate fell a further two basis points to 4.03 per cent from 4.05 per cent.

The Mexican peso finished unchanged at 6.735 pesos against the dollar, after falling 20 pesos at the beginning of the week.

A French franc crisis would

be feared in New York

Oct 11
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not be complete without some withering official comment at the expense of foreign exchange traders. Yesterday it was the turn of Mr Jean Arthuis, the French finance minister, who said it was "despicable" that market tensions lead to interest rate rises.

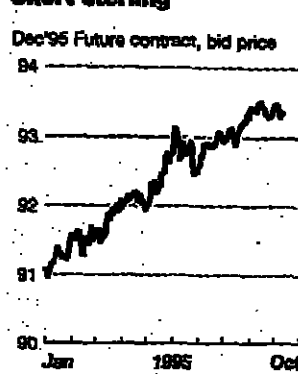
Mr Arthuis said: "I think the markets are feeding off rumours and speculation. There are operators who make a profit in a few hours. Our policy is a long-term one."

And Mr Francois Barin, the government spokesman, said "the markets, mainly British and the US, wanted to stage a speculative run on the franc."

He added that the French government "does not want to sacrifice its public sector to meet the interests of foreign investors."

Mr Malcolm Barr, economist at Chemical Bank in London, said the next development would be the November 19/14 welfare debates, which would provide a further illustration of

Short sterling



Source: FT Index

government commitment to reining in state expenditure.

For those curious at the dollar's recent roundabout behaviour, a new explanation is on offer: it is trading close to fair value. Mr David Shaw, head of strategy at the investment management arm of Legal & General in London, has examined the paradox between the

US's huge trade deficit, and the popular view that the dollar is undervalued.

Price competitiveness of US exports as reflected in purchasing power parity (PPP) suggests the dollar is undervalued by about 27.5 per cent on its Bank of England trade-weighted index, and has been similarly undervalued for the past five years.

Mr Shaw, however, believes estimates of US price competitiveness are not accurate, because of defects in PPP as a benchmark, while the dollar's true international value is incorrect because 40 per cent of US exports are to countries not included in the Bank's TWI.

The Federal Reserve Board of Dallas has an index weighted in proportion to the pattern of US trade. Whereas the top five countries in the Bank of England's TWI represent 80 per cent of the weights, they only represent 48 per cent of the total in the FRB index. Mexico and four South East

Asian countries make up the rest of the FRB's top ten, and against all of these countries' currencies the US dollar has appreciated since 1990.

The FRB index suggests that the Bank of England's TWI undervalues the dollar by as much as 12 per cent. Given that PPP estimates are "almost certainly also overvaluing the dollar's price competitiveness," Mr Shaw concludes that the dollar is trading close to fair value. The corollary is that there is "no prima facie justification for any further sustained dollar advance."

The Bank of England provided \$555m assistance towards clearing a \$750m daily market shortage.

OTHER CURRENCIES

Oct 11
Oct 10
Oct 9
Oct 8
Oct 7
Oct 6
Oct 5
Oct 4
Oct 3
Oct 2
Oct 1

WORLD INTEREST RATES

MONEY RATES

October 11	Over night	One month	Three months	Six months	One year	Libor inter.	Dis. rate	Repo rate
Belgium	4%	4%	4%	4%	4%	8.00	3.50	-
France	4%	4%	4%	4%	4%	8.00	3.50	-
Germany	4%	4%	4%	4%	4%	8.00	3.50	-
Italy	4%	4%	4%	4%	4%	8.00	3.50	-
Japan	4%	4%	4%	4%	4%	8.00	3.50	-
UK	4%	4%	4%	4%	4%	8.00	3.50	-
US	4%	4%	4%	4%	4%	8.00	3.50	-
Spain	4%	4%	4%	4%	4%	8.00	3.50	-
Sweden	4%	4%	4%	4%	4%	8.00	3.50	-
Switzerland	4%	4%	4%	4%	4%	8.00	3.50	-
Netherlands	4%	4%	4%	4%	4%	8.00	3.50	-
Denmark	4%	4%	4%	4%	4%	8.00	3.50	-
Portugal	4%	4%	4%	4%	4%	8.00	3.50	-
Greece	4%	4%	4%	4%	4%	8.00	3.50	-
Finland	4%	4%	4%	4%	4%	8.00	3.50	-
Belarus	4%	4%	4%	4%	4%	8.00	3.50	-
Ukraine	4%	4%	4%	4%	4%	8.00	3.50	-
Poland	4%	4%	4%	4%	4%	8.00	3.50	-
Czech	4%	4%	4%	4%	4%	8.00	3.50	-
Slovak	4%	4%	4%	4%	4%	8.00	3.50	-
Hungary	4%	4%	4%	4%	4%	8.00	3.50	-
Slovenia	4%	4%	4%	4%	4%	8.00	3.50	-
Croatia	4%	4%	4%	4%	4%	8.00	3.50	-
Serbia	4%	4%	4%	4%	4%	8.00	3.50	-
Bosnia	4%	4%	4%	4%	4%	8.00	3.50	-
Herzegovina	4%	4%	4%	4%	4%	8.00	3.50	-
Montenegro	4%	4%	4%	4%	4%	8.00	3.50	-
Albania	4%	4%	4%	4%	4%	8.00	3.50	-
Moldova	4%	4%	4%	4%	4%	8.00	3.50	-
Romania	4%	4%	4%	4%	4%	8.00	3.50	-
Bulgaria	4%	4%	4%	4%	4%	8.00	3.50	-
Greece	4%	4%	4%	4%	4%	8.00	3.50	-
Turkey	4%	4%	4%	4%	4%	8.00	3.50	-
Israel	4%	4%	4%	4%	4%	8.00	3.50	-
South Africa	4%	4%	4%	4%	4%	8.00	3.50	-
Argentina	4%	4%	4%	4%	4%	8.00	3.50	-
Chile	4%	4%	4%	4%	4%	8.00	3.50	-
Colombia	4%	4%	4%	4%	4%	8.00	3.50	-
Venezuela	4%	4%	4%	4%	4%	8.00	3.50	-
Peru	4%	4%	4%	4%	4%	8.00	3.50	-
Ecuador	4%	4%	4%	4%	4%	8.00	3.50	-
Brazil	4%	4%	4%	4%	4%	8.00	3.50	-
Uruguay	4%	4%	4%	4%	4%	8.00	3.50	-
Paraguay	4%	4%	4%	4%	4%	8.00	3.50	-
Puerto Rico	4%	4%	4%	4%	4%	8.00	3.50	-
Guam	4%	4%	4%	4%	4%	8.00	3.50	-
Macao	4%	4%	4%	4%	4%	8.00	3.50	-
Timor	4%	4%	4%	4%	4%	8.00	3.50	-
East Timor	4%	4%	4%	4%	4%	8.00	3.50	-
Palau	4%	4%	4%	4%	4%	8.00	3.50	-
Marshall	4%	4%	4%	4%	4%	8.00	3.50	-
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Micronesia	4%	4%	4%	4%	4%	8.00	3.50	-

BANKS, RETAIL

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

100

ENGINEERING

Daystone	大品	11
iden Mac	大品	89

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FOOD PRODUCERS

	Notes	Price	+ or -
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1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050 2051 2052 2053 2054 2055 2056 2057 2058 2059 2060 2061 2062 2063 2064 2065 2066 2067 2068 2069 2070 2071 2072 2073 2074 2075 2076 2077 2078 2079 2080 2081 2082 2083 2084 2085 2086 2087 2088 2089 2090 2091 2092 2093 2094 2095 2096 2097 2098 2099 2100 2101 2102 2103 2104 2105 2106 2107 2108 2109 2110 2111 2112 2113 2114 2115 2116 2117 2118 2119 2120 2121 2122 2123 2124 2125 2126 2127 2128 2129 2130 2131 2132 2133 2134 2135 2136 2137 2138 2139 2140 2141 2142 2143 2144 2145 2146 2147 2148 2149 2150 2151 2152 2153 2154 2155 2156 2157 2158 2159 2160 2161 2162 2163 2164 2165 2166 2167 2168 2169 2170 2171 2172 2173 2174 2175 2176 2177 2178 2179 2180 2181 2182 2183 2184 2185 2186 2187 2188 2189 2190 2191 2192 2193 2194 2195 2196 2197 2198 2199 2200 2201 2202 2203 2204 2205 2206 2207 2208 2209 2210 2211 2212 2213 2214 2215 2216 2217 2218 2219 2220 2221 2222 2223 2224 2225 2226 2227 2228 2229 2230 2231 2232 2233 2234 2235 2236 2237 2238 2239 2240 2241 2242 2243 2244 2245 2246 2247 2248 2249 2250 2251 2252 2253 2254 2255 2256 2257 2258 2259 2260 2261 2262 2263 2264 2265 2266 2267 2268 2269 2270 2271 2272 2273 2274 2275 2276 2277 2278 2279 2280 2281 2282 2283 2284 2285 2286 2287 2288 2289 2290 2291 2292 2293 2294 2295 2296 2297 2298 2299 2300 2301 2302 2303 2304 2305 2306 2307 2308 2309 2310 2311 2312 2313 2314 2315 2316 2317 2318 2319 2320 2321 2322 2323 2324 2325 2326 2327 2328 2329 2330 2331 2332 2333 2334 2335 2336 2337 2338 2339 2340 2341 2342 2343 2344 2345 2346 2347 2348 2349 2350 2351 2352 2353 2354 2355 2356 2357 2358 2359 2360 2361 2362 2363 2364 2365 2366 2367 2368 2369 2370 2371 2372 2373 2374 2375 2376 2377 2378 2379 2380 2381 2382 2383 2384 2385 2386 2387 2388 2389 2390 2391 2392 2393 2394 2395 2396 2397 2398 2399 2400 2401 2402 2403 2404 2405 2406 2407 2408 2409 2410 2411 2412 2413 2414 2415 2416 2417 2418 2419 2420 2421 2422 2423 2424 2425 2426 2427 2428 2429 2430 2431 2432 2433 2434 2435 2436 2437 2438 2439 2440 2441 2442 2443 2444 2445 2446 2447 2448 2449 2450 2451 2452 2453 2454 2455 2456 2457 2458 2459 2460 2461 2462 2463 2464 2465 2466 2467 2468 2469 2470 2471 2472 2473 2474 2475 2476 2477 2478 2479 2480 2481 2482 2483 2484 2485 2486 2487 2488 2489 2490 2491 2492 2493 2494 2495 2496 2497 2498 2499 2500 2501 2502 2503 2504 2505 2506 2507 2508 2509 2510 2511 2512 2513 2514 2515 2516 2517 2518 2519 2520 2521 2522 2523 2524 2525 2526 2527 2528 2529 2530 2531 2532 2533 2534 2535 2536 2537 2538 2539 2540 2541 2542 2543 2544 2545 2546 2547 2548 2549 2550 2551 2552 2553 2554 2555 2556 2557 2558 2559 2560 2561 2562 2563 2564 2565 2566 2567 2568 2569 2570 2571 2572 2573 2574 2575 2576 2577 2578 2579 2580 2581 2582 2583 2584 2585 2586 2587 2588 2589 2590 2591 2592 2593 2594 2595 2596 2597 2598 2599 2600 2601 2602 2603 2604 2605 2606 2607 2608 2609 2610 2611 2612 2613 2614 2615 2616 2617 2618 2619 2620 2621 2622 2623 2624 2625 2626 2627 2628 2629 2630 2631 2632 2633 2634 2635 2636 2637 2638 2639 2640 2641 2642 2643 2644 2645 2646 2647 2648 2649 2650 2651 2652 2653 2654 2655 2656 2657 2658 2659 2660 2661 2662 2663 2664 2665 2666 2667 2668 2669 2670 2671 2672 2673 2674 2675 2676 2677 2678 2679 2680 2681 2682 2683 2684 2685 2686 2687 2688 2689 2690 2691 2692 2693 2694 2695 2696 2697 2698 2699 2700 2701 2702 2703 2704 2705 2706 2707 2708 2709 2710 2711 2712 2713 2714 2715 2716 2717 2718 2719 2720 2721 2722 2723 2724 2725 2726 2727 2728 2729 2730 2731 2732 2733 2734 2735 2736 2737 2738 2739 2740 2741 2742 2743 2744 2745 2746 2747 2748 2749 2750 2751 2752 2753 2754 2755 2756 2757 2758 2759 2760 2761 2762 2763 2764 2765 2766 2767 2768 2769 2770 2771 2772 2773 2774 2775 2776 2777 2778 2779 2780 2781 2782 2783 2784 2785 2786 2787 2788 2789 2790 2791 2792 2793 2794 2795 2796 2797 2798 2799 2800 2801 2802 2803 2804 2805 2806 2807 2808 2809

INSURANCE

Wiederholungsversuche: $15\frac{1}{2}$ =

Birmingham Jan. 31	31	1	15
Atlanta	8	1	16
New Tiger 28	28	1	16

28 — 28

Abstract

Murphy Ventures — 44 3

TRUCKS ONLY. See page 22 London Share Service

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LONDON STOCK EXCHANGE

MARKET REPORT

Takeover stories help equities stage good rally

By Steve Thompson,
UK Stock Market Editor

Another flood of bid news, Wall Street's astonishing recovery on Tuesday evening, and the US market's resolute performance at the opening yesterday helped promote a strong rally in UK equities.

London remained extremely nervous, however, and dealers were quick to point out that sentiment remained fragile after the 50-point fall recorded on Tuesday.

There was also evidence that the market is expecting more problems in the short term after the FT-SE future stubbornly remained at a heavy discount to fair value

throughout the session.

At the close, the FT-SE 100 index had regained almost a third of Tuesday's losses, settling at a net 14.2 higher at 3,474.3. The Mid 250 index recovered 16.6 at 3,919.8.

As trading drew to a close, the market was buzzing with hints that another bid was imminent in the regional electricity stocks, a happy hunting ground for predators since the summer.

Speculators alighted on London Electricity, which was rumoured to be the new target for the two Texas utilities, Houston Industries and Central & South West Corporation. The US group lost out to North West Water in the battle for control

of Norweb.

Early yesterday, North West trumped the Texas partners' bid for Norweb. A sparkling performance by Norweb shares was eclipsed by the FT-SE 100's top performer, Lloyds Bank which sealed its merger with the TSB group to establish the UK's second biggest bank.

Marketmakers said institutions underweight in TSB, long regarded as a poorly-managed underperformer in the sector, had turned aggressive buyers of the stock as a cheap way into the newly-merged company. The day's other big takeover rumour concerned Gartmore, the fund management group, which

was said to have attracted the attention of Dresdner Bank. Wall Street's recovery on Tuesday, from an early 66-point plunge by the Dow Jones Industrial Average to end the session a mere five points lower, encouraged London dealers to hoist their opening prices.

The move proved successful, with the FT-SE 100 starting almost 16 points higher before sliding into negative territory in mid-morning. Marketmakers attributed the retreat to an almost complete absence of buying interest by the institutions, which preferred to wait until their was evidence that Wall Street had seen off the big sellers of

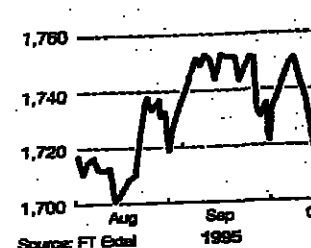
high-tech stocks.

With the Dow coming in firmer, slipping off and then moving ahead again, there was some "cheap buying" by UK institutions in the early afternoon when the FT-SE 100 reached a session peak of 3,480.9, before coming off again.

Turnover in equities reached 780.8m shares. Customer business on Tuesday was 21.97m.

Dealers braced themselves for inflation news, the September retail price index is expected to show a 0.3 per cent rise on the month. And Mr Kenneth Clarke, the chancellor of the exchequer, delivers his keynote speech to the Conservative party conference in Blackpool.

FT-SE All-Share Index



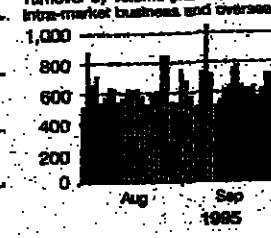
Indices and ratios

FT-SE 100	3474.3	+14.2
FT-SE Mid 250	3919.8	+16.6
FT-SE 350	1737.3	+7.2
FT-SE All-Share	1718.30	+6.45
FT-SE All-Share yield	3.86	(3.90)

Best performing sectors	Worst performing sectors
1 Tobacco +2.0	1 Gas Distribution -1.5
2 Oil Exploration +1.4	2 Banks, Merchant -0.9
3 Banks, Retail +1.3	3 Water -0.5
4 Electricity +1.1	4 Retailers, Food -0.4
5 Media +0.8	5 Extractive Inds -0.4

Equity shares traded

Turnover by volume (million). Excluding intra-market business and Government turnover



Futures and Options

FT-SE 100 INDEX FUTURES (Liffe) £25 per full index point	
Open	Settling
Dec 3473.0	3480.0
Jan 3480.0	3510.0
Feb 3480.0	3510.0
Mar 3480.0	3510.0

FT-SE 100 INDEX OPTION (Liffe) £10 per full index point	
Open	Settling
Dec 3473.0	3480.0
Jan 3480.0	3510.0
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Bid hopes return to utilities

Never far away, takeover fervour returned to the utilities sector as North West Water raised its offer for Norweb.

Despite earlier reports that the two "Texas rangers" - Houston Industries and Central & South West Corp - were locked in talks over a possible counter bid, most analysts believe North West's raised offer puts the regional electricity group beyond their reach. And Norweb later recommended acceptance of the bid.

The logical conclusion was that the US groups would retreat to regroup before coming back with an offer for one of the remaining independent rees. In terms of price moves, London Electricity was the market favourite with a rise of 35 to 88p. It was followed by Yorkshire, up 16 to 84p. Norweb jumped 61 to 147p to reflect the raise cash offer and volume of 35m suggested that North West Water had now acquired around 25 per cent of the group. NW Water fell 22 to 57p.

Turnover in Lasmoo, the exploration and production company, surged to 20m shares as dealers latched on to news out of the Algerian oilfield in which Lasmoo has a significant stake.

Drilling reports suggested that the field might now have reserves of 1.5bn barrels, up 50 per cent on previous estimates.

Lasmoo shares improved 6% to 159p.

Details of the proposed merger between Lloyds Bank and TSB went down a storm and shares in both stocks hit new highs.

The meeting with analysts was positively received and the market latched on to the £350m of savings that the new group expects to achieve in four years time.

However, some analysts cautioned that the possibility of an Office of Fair Trading inquiry was still present and that the big two high street rivals National Westminster and Barclays were unlikely to sit back and allow the new enlarged Lloyds to take market share. If the deal goes through, an outbreak of fierce competition is widely predicted.

Lloyds rose 49 to 78p with 17m traded, TSB 19 to 38p on turnover of 26m, NatWest 10 1/2 to 61 1/2p and Barclays 2 to 72p.

Tobacco to insurance conglomerate BAT Industries lifted 11 to 64p on talk that it is poised to sell off its Farmers insurance subsidiary in the US or demerge its insurance operations and possibly make an acquisition. However analysts were cynical saying BAT needed financial services for tax reasons and the rumours tended to drift over from the options market.

Commercial Union improved 8 to 57p on potential good news over a French tax break which encourages business to its Group Victor subsidiary and which has been threatened with the axe.

Insurance broker Bradstock jumped 9 to 61p in response to the recent news of a strategic alliance in Malaysia.

Media group WPP gained 3 to 149p on exceptionally heavy turnover of 15m. A large block of shares, which had been

locked for a year, was finally cleared. Confectionery and soft drinks group Cadbury Schweppes, subject of bid speculation earlier this week, advanced 5 to 519p yesterday after trade of 3.1m, boosted by recommendations from two US investment banks.

Merrill Lynch is reported to be positive on the stock for the long term while Lehman Brothers has upgraded its recommendation for "underperform" to "outperform". Analysts at Lehman said: "The successful acquisition of Dr Pepper/Seven-Up (DPSU) in March of this year marked the culmination of Cadbury Schweppes' ambition to build critical mass in the US soft drinks market."

A couple of recommendations helped bring an advance

to Great Universal Stores. The shares firmed 8 to 56p as Casanova, the company's buy

backer, recommended the stock after SBC Warburg upgraded its recommendation from reduce to hold.

Warburg said its move was on "valuation grounds" pointing to the stock's underperformance over the last two months.

US buying interest helped boost turnover in Sears to 10m. The shares hardened 2 1/2 to 107p. Profit-taking left Kingfisher 4 lighter at 48p, though bargain hunters in Lloyds Chemists helped the shares jump 10 to 24p.

Vodafone, the UK mobile phones leader, recovered strongly as renewed life flooded back into Europe's telecoms based sectors. Both Ericsson and Nokia, the Nordic bloc's high tech leaders, rebounded strongly, helping Vodafone to close to with a 7%

advance to 266 1/2p in 10m traded. A positive note from SCST also helped underpin sentiment.

Delta suffered from switch advice with some brokers urging clients to shift into rival heavy electrical equipment group BICC. The latter jumped 9 to 28p in 2.1m traded while Delta pulled up short at the bottom of the FT-SE Mid 250 rankings with a decline of 15 to 41p. Sentiment in the sector has been hit lately by renewed upturn for copper prices.

Zeneca recovered 13 to 117p with some dealers suggesting it had been the mystery white knight in the Rhone-Polenc Rorer battle for Fisons. After Fisons capitulated yesterday, there were no longer any worries that Zeneca would enter the arena. Other marketmakers suggested it was merely a rerun of old takeover speculation - Roche of Switzerland has been mentioned as a possible interested party. Fisons eased a half to 262 1/2p.

Pharmaceutical group Anaeng slumped 28 to 73p after losing the marketing rights to one of its products.

Airports group BAA, noticeably weak in recent sessions, rebounded 3 1/2 to 469p as NatWest Securities switched from hold to add on the stock ahead of today's traffic figures.

Most analysts have picked out growth of 5 per cent as the most likely outcome for the September traffic numbers. But some houses take a more cautious stance given that traffic gains, which were running 8 per cent up a year ago, appear to be slowing.

Channel tunnel operator Eurotunnel, dull lately on debt rescheduling uncertainty, surged to the top of the FT-SE Mid 250 performance charts. The shares rose 7 to 95p following news of a change of pricing strategy.

Shares in Greenalls Group, FT-SE Actuaries Share Indices

The UK Series

Day's % chg

Oct 11

Oct 10

Oct 9

Oct 8

Oct 7

Oct 6

Oct 5

Oct 4

Oct 3

Oct 2

Oct 1

Oct 31

Oct 30

Oct 29

Oct 28

Oct 27

Oct 26

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Oct 24

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Oct 22

Oct 21

Oct 20

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Oct 18

Oct 17

4 pm close October 11


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FINANCIAL TIMES

NYSE COMPOSITE PRICES

NASDAQ NATIONAL MARKET[illegible]

Stock										Stock										Stock										Stock									
Stock	Chg.	100s	Hg	Low	Last	Chg.	100s	Hg	Low	Last	Chg.	100s	Hg	Low	Last	Chg.	100s	Hg	Low	Last	Chg.	100s	Hg	Low	Last	Chg.	100s	Hg	Low	Last	Chg.								
ABCO	0.20	15	24	12	12	10	15	24	12	12	0.20	15	24	12	12	0.20	15	24	12	12	0.20	15	24	12	12	0.20	15	24	12	12	0.20	15	24	12	12				
ADP	0.12	1	2	1	1	0.12	1	2	1	1	0.12	1	2	1	1	0.12	1	2	1	1	0.12	1	2	1	1	0.12	1	2	1	1	0.12	1	2	1	1				
Acme Inc.	22.99	38	23	25	25	22.99	38	23	25	25	22.99	38	23	25	25	22.99	38	23	25	25	22.99	38	23	25	25	22.99	38	23	25	25	22.99	38	23	25	25				
Acme Int.	7	36	16	15	15	7	36	16	15	15	7	36	16	15	15	7	36	16	15	15	7	36	16	15	15	7	36	16	15	15	7	36	16	15	15				
Acme Corp.	48	249	283	283	283	48	249	283	283	283	48	249	283	283	283	48	249	283	283	283	48	249	283	283	283	48	249	283	283	283	48	249	283	283	283				
Adelphi	20.82	17	41	39	40	20.82	17	41	39	40	20.82	17	41	39	40	20.82	17	41	39	40	20.82	17	41	39	40	20.82	17	41	39	40	20.82	17	41	39	40				
ADT Inc.	48	74	34	35	37	48	74	34	35	37	48	74	34	35	37	48	74	34	35	37	48	74	34	35	37	48	74	34	35	37	48	74	34	35	37				
ADT Corp.	48	223	145	145	145	48	223	145	145	145	48	223	145	145	145	48	223	145	145	145	48	223	145	145	145	48	223	145	145	145	48	223	145	145	145				
ADT Inc.	0.16	10	12	22	22	0.16	10	12	22	22	0.16	10	12	22	22	0.16	10	12	22	22	0.16	10	12	22	22	0.16	10	12	22	22	0.16	10	12	22	22				
Adco Inc.	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70				
Adco Corp.	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7				
Adco Inc.	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54				
Adco Corp.	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101				
Adco Inc.	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70				
Adco Corp.	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7				
Adco Inc.	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54				
Adco Corp.	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101				
Adco Inc.	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70				
Adco Corp.	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7				
Adco Inc.	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54				
Adco Corp.	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101				
Adco Inc.	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70				
Adco Corp.	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7				
Adco Inc.	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54				
Adco Corp.	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101				
Adco Inc.	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70				
Adco Corp.	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7				
Adco Inc.	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54				
Adco Corp.	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101				
Adco Inc.	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70				
Adco Corp.	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7				
Adco Inc.	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54				
Adco Corp.	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101				
Adco Inc.	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70				
Adco Corp.	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7				
Adco Inc.	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54				
Adco Corp.	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101				
Adco Inc.	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70				
Adco Corp.	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7				
Adco Inc.	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54				
Adco Corp.	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101				
Adco Inc.	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70	0.20	60	70	70	70				
Adco Corp.	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7	0.50	26	31	7	7				
Adco Inc.	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54	1.10	37	54	54	54				
Adco Corp.	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101	25	78	101	101	101				
Adco Inc.	0.20																																						

AMEX COMPOSITE PRICES

tick	FY 1986					FY 1986					FY 1986					FY 1986					FY 1986				
	Hi.	Lo.	Hi	Low	Close	Hi.	Lo.	Hi	Low	Close	Hi.	Lo.	Hi	Low	Close	Hi.	Lo.	Hi	Low	Close	Hi.	Lo.	Hi	Low	Close
Am Mag Inc	190	63	27 1/2	27 1/2	27 1/2																				
Am Mag Inc	11	110	1 1/4	1 1/4	1 1/4																				
Am Mag Inc	10	10	10	10	10																				
Am Mag Inc	10	10	10	10	10																				
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League	2010 HtH	22/2	23/2	24/2	25/2	26/2	27/2	28/2	29/2	30/2	31/2	1/3	2/3	3/3	4/3	5/3	6/3	7/3	8/3	9/3	10/3	11/3	12/3	13/3	14/3	15/3	16/3	17/3	18/3	19/3	20/3	21/3	22/3	23/3	24/3	25/3	26/3	27/3	28/3	29/3	30/3	31/3	1/4	2/4	3/4	4/4	5/4	6/4	7/4	8/4	9/4	10/4	11/4	12/4	13/4	14/4	15/4	16/4	17/4	18/4	19/4	20/4	21/4	22/4	23/4	24/4	25/4	26/4	27/4	28/4	29/4	30/4	31/4	1/5	2/5	3/5	4/5	5/5	6/5	7/5	8/5	9/5	10/5	11/5	12/5	13/5	14/5	15/5	16/5	17/5	18/5	19/5	20/5	21/5	22/5	23/5	24/5	25/5	26/5	27/5	28/5	29/5	30/5	31/5	1/6	2/6	3/6	4/6	5/6	6/6	7/6	8/6	9/6	10/6	11/6	12/6	13/6	14/6	15/6	16/6	17/6	18/6	19/6	20/6	21/6	22/6	23/6	24/6	25/6	26/6	27/6	28/6	29/6	30/6	31/6	1/7	2/7	3/7	4/7	5/7	6/7	7/7	8/7	9/7	10/7	11/7	12/7	13/7	14/7	15/7	16/7	17/7	18/7	19/7	20/7	21/7	22/7	23/7	24/7	25/7	26/7	27/7	28/7	29/7	30/7	31/7	1/8	2/8	3/8	4/8	5/8	6/8	7/8	8/8	9/8	10/8	11/8	12/8	13/8	14/8	15/8	16/8	17/8	18/8	19/8	20/8	21/8	22/8	23/8	24/8	25/8	26/8	27/8	28/8	29/8	30/8	31/8	1/9	2/9	3/9	4/9	5/9	6/9	7/9	8/9	9/9	10/9	11/9	12/9	13/9	14/9	15/9	16/9	17/9	18/9	19/9	20/9	21/9	22/9	23/9	24/9	25/9	26/9	27/9	28/9	29/9	30/9	31/9	1/10	2/10	3/10	4/10	5/10	6/10	7/10	8/10	9/10	10/10	11/10	12/10	13/10	14/10	15/10	16/10	17/10	18/10	19/10	20/10	21/10	22/10	23/10	24/10	25/10	26/10	27/10	28/10	29/10	30/10	31/10	1/11	2/11	3/11	4/11	5/11	6/11	7/11	8/11	9/11	10/11	11/11	12/11	13/11	14/11	15/11	16/11	17/11	18/11	19/11	20/11	21/11	22/11	23/11	24/11	25/11	26/11	27/11	28/11	29/11	30/11	31/11	1/12	2/12	3/12	4/12	5/12	6/12	7/12	8/12	9/12	10/12	11/12	12/12	13/12	14/12	15/12	16/12	17/12	18/12	19/12	20/12	21/12	22/12	23/12	24/12	25/12	26/12	27/12	28/12	29/12	30/12	31/12	1/13	2/13	3/13	4/13	5/13	6/13	7/13	8/13	9/13	10/13	11/13	12/13	13/13	14/13	15/13	16/13	17/13	18/13	19/13	20/13	21/13	22/13	23/13	24/13	25/13	26/13	27/13	28/13	29/13	30/13	31/13	1/14	2/14	3/14	4/14	5/14	6/14	7/14	8/14	9/14	10/14	11/14	12/14	13/14	14/14	15/14	16/14	17/14	18/14	19/14	20/14	21/14	22/14	23/14	24/14	25/14	26/14	27/14	28/14	29/14	30/14	31/14	1/15	2/15	3/15	4/15	5/15	6/15	7/15	8/15	9/15	10/15	11/15	12/15	13/15	14/15	15/15	16/15	17/15	18/15	19/15	20/15	21/15	22/15	23/15	24/15	25/15	26/15	27/15	28/15	29/15	30/15	31/15	1/16	2/16	3/16	4/16	5/16	6/16	7/16	8/16	9/16	10/16	11/16	12/16	13/16	14/16	15/16	16/16	17/16	18/16	19/16	20/16	21/16	22/16	23/16	24/16	25/16	26/16	27/16	28/16	29/16
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1. *Journal of the American Medical Association*, 2000; 283: 2689-2693.

1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

Roche takes Zurich to new 1995 high

In railway stocks, Union Pacific rose $\$1\frac{1}{4}$ to $\$64\frac{1}{2}$ after announcing the pricing of the IPO of its Union Pacific Resources subsidiary. Union Pacific is offering 37m shares in the subsidiary at $\$21$ each. It

SOUTH AFRICA

Johannesburg ended most firmer as buyers returned after Tuesday's late slide. The overall index rose 29.7 to 5,753.0 and industrials picked up 35.9 to 7,257.1. Golds eased 13.4 to 1,459.8 on continuing concern over forthcoming gold mine quarterly results.

The bullish tone spilled over to Ciba, a recent favourite among investors, ahead of its nine month figures today. The shares rose SFr21 to an all time peak of SFr352.

Among financials, UBS registered shares picked up SFr12 to SFr1,217 on the improved out-

Eurotunnel made a steady gain, up 30 centimes or 4.3 per cent at FF7.30, on reports that the Channel tunnel operator was to revise its pricing strategy.

SGS-Thomson put on FF26.90 or 13 per cent to

457.98. There was better news for Phillips which regained part of Tuesday's fall in line with a Europe-wide trend, and finished up FI 2.10 at FI 70.20. Polygram, however, lost FI 1.60 to FI 102.30 after announcing that it was to pay \$51m for Venezuelan record company, Nedlloyd also found buyers following the Dex 80.

On the upside, MAN continued Tuesday's upgrade on 1995-96 prospects, rising DM7 to DM417. In retailing, Kaufhof and Asko recovered DM9.40 to DM472.50, and DM30 to DM2840 respectively. They had dropped on the merger with the cash and carry unit of their Swiss

STOCKHOLM and HELSINKI reflected recoveries in Ericsson, up SKr6.50 to SKr146.50, and FM19 to FM271 as the *Aktorsvärlden* General index rose 21.2, or 1.2 per cent to 1,774.3, and the Hex by 99.98, or 5.1 per cent to 2,057.49.

Written and edited by William
Cochrane, Michael Morgan and
John Pitt

MEXICO CITY was firmer at midsession as the IPC index made a gain of 26.60 or 1.1 per cent to 2,364.38. **CARACAS** continued its winning ways as the Merinvest index recorded yet another year's high, closing up per cent at 108.2.

Two days of turmoil in US technology stocks hit investor confidence in Tokyo and the Nikkei average came back from Tuesday's holiday to a loss of 1.6 per cent, closing below the 18,000 level for the first time since October 2, writes Emiko Terazono in

Roundup

A late tumble in index futures and some European selling tugged HONG KONG lower.

A late tumble in index futures and some European selling tugged HONG KONG lower.

Turnover was active at TS\$4.43bn. In electronics United Microelectronics fell TS\$ to TS\$1 and Taiwan Semiconductor TS\$ to TS\$3 on prospects of a slowdown in the industry's growth.

The STII finished 14.13 higher at 2,128.96, but the DBS-50 index, which includes financial and property stocks, was 0.03 lower at 519.83.

York overnight and the composite index finished 11.18 lower at 2,588.82. The market opened weak but cut a 21 point loss in late trade on news that the government was deferring an oil price rise until next

Indices are calculated at end-week, and weekly changes are percentage movement from the previous Friday. Base date: Dec 1988=100 except those noted which are: (7)Feb 1 1991; (2)Dec 31 1992; (3)Jun 5 1990; (4)Dec 1992; (5)Jan 3 1992; (6)Jan 4 1992; (7)Nov 6 1992; (8)Sep 28 1990; (9)Mar 1 1991; (10) Dec 31 1992; (11)Dec 31 1992; (12)Dec 31 1992; (13)Dec 31 1992; (14)Aug 4 1989; (15)Julune 2 1993.

● The IFC is now providing daily calculations of its emerging markets database. The organisation, which is part of the World Bank group, has also added the Czech Republic to the countries covered, bringing the total number included in the database to 27. China is another addition to the regional and composite indices, the IFC announced.

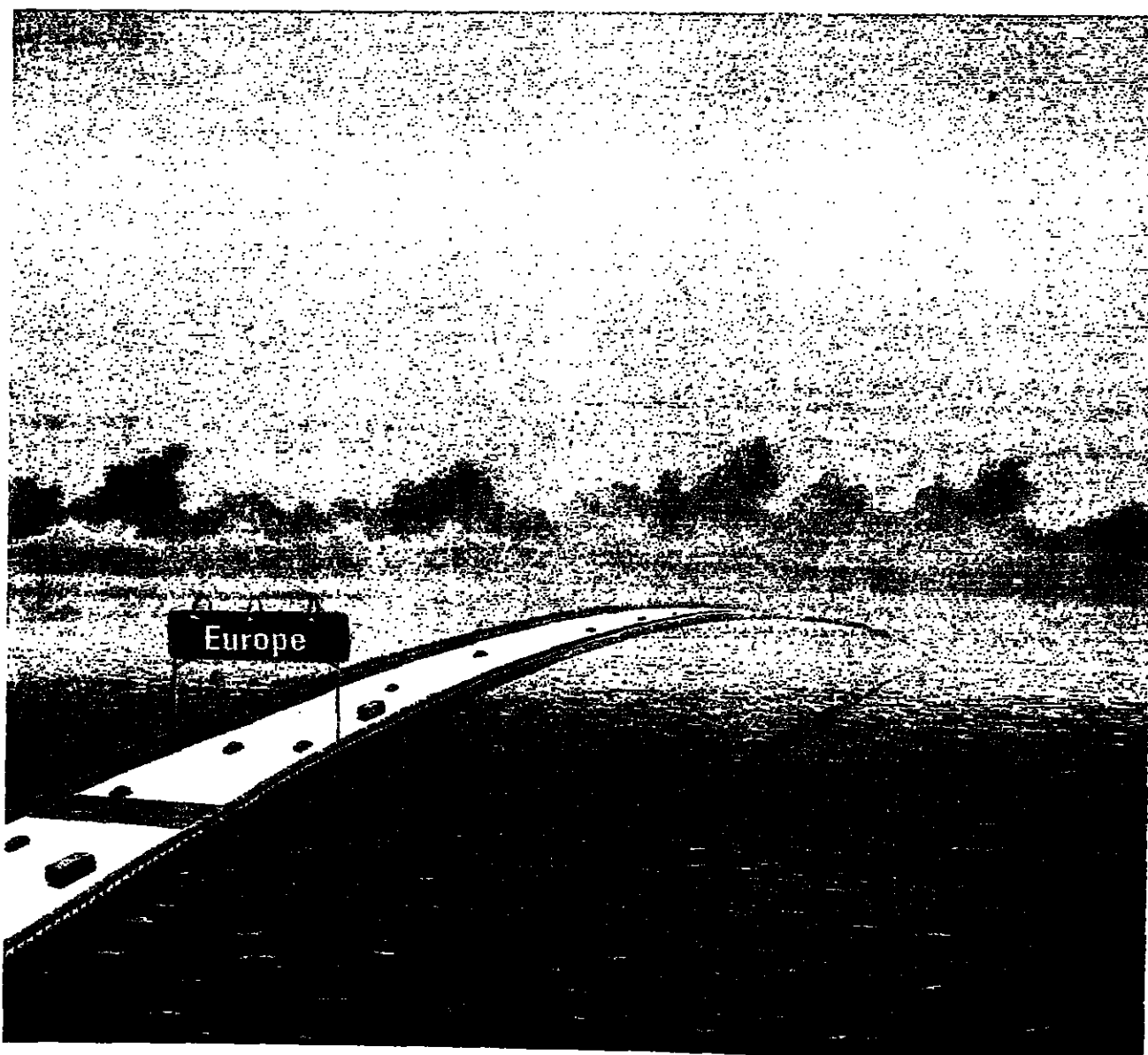
Heavy selling in Daiwa hit other banks, the sector losing .6 per cent with Industrial Bank of Japan down ¥120 at ¥2,810, and Dai-ichi Kangyo Bank ¥50 at ¥1,760.

Chemical makers shot up on reports of a shortage of silicon or semiconductors earlier this week. Tokuyama, a chemicals

The FT/S&P Actuaries World indices are owned by The Financial Times Ltd., Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by The Financial Times and Goldman Sachs in conjunction with the Institute of Actuaries and the Faculty of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

REGIONAL AND NATIONAL MARKETS	TUESDAY OCTOBER 10 1996										MONDAY OCTOBER 9 1996										DOLLAR INDEX					
	US		Day's Change %	Points Starting Index	Yan Index	DM Index	Currency Index	US % chg on day	Gross Div. Yield	US		Local Starting Index	Yan Index	DM Index	Local Index	Currency 52 Week	High	52 Week Low	Year ago	1996 (approx)	1995 (approx)	1994 (approx)	1993 (approx)	1992 (approx)	1991 (approx)	1990 (approx)
	Dollar Index	Change								Dollar Index	Change															
Asia (27)	180.46	-2.1	106.60	114.70	133.00	156.44	-1.3	4.10	184.31	172.42	116.85	135.29	160.80	181.01	157.95	167.85	-	-	-	-	-	-	-	-	-	-
Australia (27)	190.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Canada (27)	181.78	-1.2	181.78	138.02	138.02	138.02	-0.8	0.80	181.78	181.78	116.82	133.09	149.41	138.17	201.1	162.92	162.92	-	-	-	-	-	-	-	-	-
Europe (28)	145.90	-0.8	137.11	102.73	107.52	257.35	-0.8	1.54	147.15	137.47	116.82	133.09	149.41	138.17	201.1	162.92	162.92	-	-	-	-	-	-	-	-	-
France (27)	180.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Germany (27)	190.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Italy (27)	180.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Japan (27)	190.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
UK (27)	180.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
USA (27)	180.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
World (27)	180.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Asia (27)	180.46	-2.1	106.60	114.70	133.00	156.44	-1.3	4.10	184.31	172.42	116.85	135.29	160.80	181.01	157.95	167.85	-	-	-	-	-	-	-	-	-	-
Australia (27)	190.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Canada (27)	181.78	-1.2	181.78	138.02	138.02	138.02	-0.8	0.80	181.78	181.78	116.82	133.09	149.41	138.17	201.1	162.92	162.92	-	-	-	-	-	-	-	-	-
Europe (28)	145.90	-0.8	137.11	102.73	107.52	257.35	-0.8	1.54	147.15	137.47	116.82	133.09	149.41	138.17	201.1	162.92	162.92	-	-	-	-	-	-	-	-	-
France (27)	180.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Germany (27)	190.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Italy (27)	180.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Japan (27)	190.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
UK (27)	180.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
USA (27)	180.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
World (27)	180.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Asia (27)	180.46	-2.1	106.60	114.70	133.00	156.44	-1.3	4.10	184.31	172.42	116.85	135.29	160.80	181.01	157.95	167.85	-	-	-	-	-	-	-	-	-	-
Australia (27)	190.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Canada (27)	181.78	-1.2	181.78	138.02	138.02	138.02	-0.8	0.80	181.78	181.78	116.82	133.09	149.41	138.17	201.1	162.92	162.92	-	-	-	-	-	-	-	-	-
Europe (28)	145.90	-0.8	137.11	102.73	107.52	257.35	-0.8	1.54	147.15	137.47	116.82	133.09	149.41	138.17	201.1	162.92	162.92	-	-	-	-	-	-	-	-	-
France (27)	180.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Germany (27)	190.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Italy (27)	180.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Japan (27)	190.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
UK (27)	180.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
USA (27)	180.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
World (27)	180.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Asia (27)	180.46	-2.1	106.60	114.70	133.00	156.44	-1.3	4.10	184.31	172.42	116.85	135.29	160.80	181.01	157.95	167.85	-	-	-	-	-	-	-	-	-	-
Australia (27)	190.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Canada (27)	181.78	-1.2	181.78	138.02	138.02	138.02	-0.8	0.80	181.78	181.78	116.82	133.09	149.41	138.17	201.1	162.92	162.92	-	-	-	-	-	-	-	-	-
Europe (28)	145.90	-0.8	137.11	102.73	107.52	257.35	-0.8	1.54	147.15	137.47	116.82	133.09	149.41	138.17	201.1	162.92	162.92	-	-	-	-	-	-	-	-	-
France (27)	180.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Germany (27)	190.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Italy (27)	180.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Japan (27)	190.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
UK (27)	180.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
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World (27)	180.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Asia (27)	180.46	-2.1	106.60	114.70	133.00	156.44	-1.3	4.10	184.31	172.42	116.85	135.29	160.80	181.01	157.95	167.85	-	-	-	-	-	-	-	-	-	-
Australia (27)	190.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Canada (27)	181.78	-1.2	181.78	138.02	138.02	138.02	-0.8	0.80	181.78	181.78	116.82	133.09	149.41	138.17	201.1	162.92	162.92	-	-	-	-	-	-	-	-	-
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Italy (27)	180.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.43	170.57	115.83	133.81	133.84	180.28	187.17	181.37	-	-	-	-	-	-	-	-	-	-
Japan (27)	190.37	-1.1	169.51	114.64	132.00	132.26	-0.7	1.26	182.4																	

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